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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**Form 10-Q**

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2014**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission file number: 001-32347**

**ORMAT TECHNOLOGIES, INC.**

*(Exact name of registrant as specified in its charter)*

**DELAWARE**

*(State or other jurisdiction of incorporation or organization)*

**88-0326081**

*(I.R.S. Employer Identification Number)*

**6225 Neil Road, Reno, Nevada**

*(Address of principal executive offices)*

**89511-1136**

*( Zip Code)*

**(775) 356-9029**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐  
(Do not check if a smaller reporting  
company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☐ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of May 8, 2014, the number of outstanding shares of common stock, par value \$0.001 per share, was 45,478,717.

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**ORMAT TECHNOLOGIES, INC.**  
**FORM 10-Q**  
**FOR THE QUARTER ENDED MARCH 31, 2014**

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## **Certain Definitions**

*Unless the context otherwise requires, all references in this quarterly report to “Ormat”, “the Company”, “we”, “us”, “our company”, “Ormat Technologies” or “our” refer to Ormat Technologies, Inc. and its consolidated subsidiaries.*

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

|                                                                                                | March 31,<br>2014      | December 31,<br>2013 |
|------------------------------------------------------------------------------------------------|------------------------|----------------------|
|                                                                                                | (Dollars in thousands) |                      |
| ASSETS                                                                                         |                        |                      |
| Current assets:                                                                                |                        |                      |
| Cash and cash equivalents                                                                      | \$ 47,927              | \$ 57,354            |
| Restricted cash and cash equivalents (all related to variable interest entities ("VIEs"))      | 74,406                 | 51,065               |
| Receivables:                                                                                   |                        |                      |
| Trade                                                                                          | 55,676                 | 95,365               |
| Related entity                                                                                 | 442                    | 442                  |
| Other                                                                                          | 28,756                 | 11,049               |
| Due from Parent                                                                                | 534                    | 382                  |
| Inventories                                                                                    | 22,671                 | 22,289               |
| Costs and estimated earnings in excess of billings on uncompleted contracts                    | 27,789                 | 21,217               |
| Deferred income taxes                                                                          | 684                    | 523                  |
| Prepaid expenses and other                                                                     | 33,728                 | 29,654               |
| Total current assets                                                                           | 292,613                | 289,340              |
| Unconsolidated investments                                                                     | 7,510                  | 7,076                |
| Deposits and other                                                                             | 24,743                 | 22,114               |
| Deferred income taxes                                                                          | —                      | 891                  |
| Deferred charges                                                                               | 35,881                 | 36,738               |
| Property, plant and equipment, net (\$1,394,424 and \$1,381,083 related to VIEs, respectively) | 1,463,574              | 1,452,336            |
| Construction-in-process (\$54,535 and \$136,947 related to VIEs, respectively)                 | 249,777                | 288,827              |
| Deferred financing and lease costs, net                                                        | 29,127                 | 30,178               |
| Intangible assets, net                                                                         | 31,122                 | 31,933               |
| Total assets                                                                                   | \$ 2,134,347           | \$ 2,159,433         |
| LIABILITIES AND EQUITY                                                                         |                        |                      |
| Current liabilities:                                                                           |                        |                      |
| Accounts payable and accrued expenses                                                          | \$ 93,820              | \$ 98,047            |
| Short-term revolving credit lines with banks (full recourse)                                   | 34,733                 | —                    |
| Billings in excess of costs and estimated earnings on uncompleted contracts                    | 3,817                  | 7,903                |
| Current portion of long-term debt:                                                             |                        |                      |
| Limited and non-recourse (all related to VIEs):                                                |                        |                      |
| Senior secured notes                                                                           | 29,337                 | 31,137               |
| Other loans                                                                                    | 21,127                 | 20,377               |
| Full recourse:                                                                                 | 28,994                 | 28,875               |
| Total current liabilities                                                                      | 211,828                | 186,339              |
| Long-term debt, net of current portion:                                                        |                        |                      |
| Limited and non-recourse (all related to VIEs):                                                |                        |                      |
| Senior secured notes                                                                           | 256,366                | 270,310              |
| Other loans                                                                                    | 305,762                | 311,078              |
| Full recourse:                                                                                 |                        |                      |
| Senior unsecured bonds (plus unamortized premium based upon 7% of \$1,051)                     | 250,520                | 250,596              |
| Other loans                                                                                    | 49,887                 | 53,467               |
| Revolving credit lines with banks                                                              | 62,467                 | 112,017              |
| Liability associated with sale of tax benefits                                                 | 56,090                 | 60,985               |
| Deferred lease income                                                                          | 62,762                 | 63,496               |
| Deferred income taxes                                                                          | 59,322                 | 55,035               |
| Liability for unrecognized tax benefits                                                        | 5,132                  | 4,950                |
| Liabilities for severance pay                                                                  | 24,182                 | 23,841               |
| Asset retirement obligation                                                                    | 19,053                 | 18,679               |
| Other long-term liabilities                                                                    | 5,282                  | 3,529                |
| Total liabilities                                                                              | 1,368,653              | 1,414,322            |
| Commitments and contingencies (Note 10)                                                        |                        |                      |

Equity:

|                                                                                                                                                                                            |                     |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| The Company's stockholders' equity:                                                                                                                                                        |                     |                     |
| Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 45,478,717 and 45,460,653 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively | 46                  | 46                  |
| Additional paid-in capital                                                                                                                                                                 | 736,735             | 735,295             |
| Retained earnings (accumulated deficit)                                                                                                                                                    | 15,737              | (3,088)             |
| Accumulated other comprehensive income                                                                                                                                                     | <u>451</u>          | <u>487</u>          |
|                                                                                                                                                                                            | 752,969             | 732,740             |
| Noncontrolling interest                                                                                                                                                                    | <u>12,725</u>       | <u>12,371</u>       |
|                                                                                                                                                                                            |                     |                     |
| Total equity                                                                                                                                                                               | <u>765,694</u>      | <u>745,111</u>      |
|                                                                                                                                                                                            |                     |                     |
| Total liabilities and equity                                                                                                                                                               | <u>\$ 2,134,347</u> | <u>\$ 2,159,433</u> |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE INCOME (LOSS)**  
**(Unaudited)**

|                                                                                                                                | <b>Three Months Ended March 31,</b>                  |             |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------|
|                                                                                                                                | <b>2014</b>                                          | <b>2013</b> |
|                                                                                                                                | <b>As revised</b>                                    |             |
|                                                                                                                                | <b>(Dollars in thousands, except per share data)</b> |             |
| Revenues:                                                                                                                      |                                                      |             |
| Electricity                                                                                                                    | \$ 94,817                                            | \$ 68,298   |
| Product                                                                                                                        | 47,619                                               | 50,608      |
| Total revenues                                                                                                                 | 142,436                                              | 118,906     |
| Cost of revenues:                                                                                                              |                                                      |             |
| Electricity                                                                                                                    | 57,034                                               | 55,088      |
| Product                                                                                                                        | 31,943                                               | 37,041      |
| Total cost of revenues                                                                                                         | 88,977                                               | 92,129      |
| Gross margin                                                                                                                   | 53,459                                               | 26,777      |
| Operating expenses:                                                                                                            |                                                      |             |
| Research and development expenses, net                                                                                         | (87)                                                 | 1,000       |
| Selling and marketing expenses                                                                                                 | 3,379                                                | 11,509      |
| General and administrative expenses                                                                                            | 7,596                                                | 6,584       |
| Operating income                                                                                                               | 42,571                                               | 7,684       |
| Other income (expense):                                                                                                        |                                                      |             |
| Interest income                                                                                                                | 111                                                  | 41          |
| Interest expense, net                                                                                                          | (20,518)                                             | (15,863)    |
| Foreign currency translation and transaction gains (losses)                                                                    | (638)                                                | 1,682       |
| Income attributable to sale of tax benefits                                                                                    | 6,717                                                | 3,532       |
| Other non-operating income, net                                                                                                | 63                                                   | 1,417       |
| Income (loss) before income taxes and equity in losses of investees                                                            | 28,306                                               | (1,507)     |
| Income tax provision                                                                                                           | (6,320)                                              | (4,047)     |
| Equity in losses of investees                                                                                                  | (197)                                                | —           |
| Income (loss) from continuing operations                                                                                       | 21,789                                               | (5,554)     |
| Discontinued operations:                                                                                                       |                                                      |             |
| Income from discontinued operations                                                                                            | —                                                    | 827         |
| Income tax provision                                                                                                           | —                                                    | (222)       |
| Total income from discontinued operations                                                                                      | —                                                    | 605         |
| Net income (loss)                                                                                                              | 21,789                                               | (4,949)     |
| Net income attributable to noncontrolling interest                                                                             | (237)                                                | (85)        |
| Net income (loss) attributable to the Company's stockholders                                                                   | \$ 21,552                                            | \$ (5,034)  |
| Comprehensive income (loss):                                                                                                   |                                                      |             |
| Net income (loss)                                                                                                              | 21,789                                               | (4,949)     |
| Other comprehensive income (loss), net of related taxes:                                                                       |                                                      |             |
| Amortization of gains in respect of derivative instruments designated for cash flow hedge                                      | (36)                                                 | (42)        |
| Comprehensive income (loss)                                                                                                    | 21,753                                               | (4,991)     |
| Comprehensive income attributable to noncontrolling interest                                                                   | (237)                                                | (85)        |
| Comprehensive income (loss) attributable to the Company's stockholders                                                         | \$ 21,516                                            | \$ (5,076)  |
| Earnings (loss) per share attributable to the Company's stockholders - basic and diluted:                                      |                                                      |             |
| Income (loss) from continuing operations:                                                                                      | \$ 0.47                                              | \$ (0.12)   |
| Discontinued operations:                                                                                                       | —                                                    | 0.01        |
| Net income (loss):                                                                                                             | \$ 0.47                                              | \$ (0.11)   |
| Weighted average number of shares used in computation of earnings (loss) per share attributable to the Company's stockholders: |                                                      |             |
| Basic                                                                                                                          | 45,479                                               | 45,431      |
| Diluted                                                                                                                        | 45,660                                               | 45,431      |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(Unaudited)

| The Company's Stockholders' Equity            |        |                                  |                                                  |                                                 |            |                            |                 |  |  |
|-----------------------------------------------|--------|----------------------------------|--------------------------------------------------|-------------------------------------------------|------------|----------------------------|-----------------|--|--|
| Common Stock                                  |        | Additional<br>Paid-in<br>Capital | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income | Total      | Noncontrolling<br>Interest | Total<br>Equity |  |  |
| Shares                                        | Amount |                                  |                                                  |                                                 |            |                            |                 |  |  |
| (Dollars in thousands, except per share data) |        |                                  |                                                  |                                                 |            |                            |                 |  |  |
| 45,431                                        | \$ 46  | \$ 732,140                       | \$ (44,326)                                      | \$ 651                                          | \$ 688,511 | \$ 7,096                   | \$ 695,607      |  |  |
| —                                             | —      | 1,543                            | —                                                | —                                               | 1,543      | —                          | 1,543           |  |  |
| —                                             | —      | —                                | —                                                | —                                               | —          | (189)                      | (189)           |  |  |
| —                                             | —      | —                                | —                                                | —                                               | —          | 4,906                      | 4,906           |  |  |
| —                                             | —      | —                                | (5,034)                                          | —                                               | (5,034)    | 85                         | (4,949)         |  |  |
|                                               |        |                                  |                                                  |                                                 |            |                            |                 |  |  |
| —                                             | —      | —                                | —                                                | (42)                                            | (42)       | —                          | (42)            |  |  |
| 45,431                                        | \$ 46  | \$ 733,683                       | \$ (49,360)                                      | \$ 609                                          | \$ 684,978 | \$ 11,898                  | \$ 696,876      |  |  |
| 45,461                                        | \$ 46  | \$ 735,295                       | \$ (3,088)                                       | \$ 487                                          | \$ 732,740 | \$ 12,371                  | \$ 745,111      |  |  |
| —                                             | —      | 1,440                            | —                                                | —                                               | 1,440      | —                          | 1,440           |  |  |
| 18                                            | —      | —                                | —                                                | —                                               | —          | —                          | —               |  |  |
| —                                             | —      | —                                | —                                                | —                                               | —          | (140)                      | (140)           |  |  |
| —                                             | —      | —                                | —                                                | —                                               | —          | 257                        | 257             |  |  |
| —                                             | —      | —                                | (2,727)                                          | —                                               | (2,727)    | —                          | (2,727)         |  |  |
| —                                             | —      | —                                | 21,552                                           | —                                               | 21,552     | 237                        | 21,789          |  |  |
|                                               |        |                                  |                                                  |                                                 |            |                            |                 |  |  |
| —                                             | —      | —                                | —                                                | (36)                                            | (36)       | —                          | (36)            |  |  |
| 45,479                                        | \$ 46  | \$ 736,735                       | \$ 15,737                                        | \$ 451                                          | \$ 752,969 | \$ 12,725                  | \$ 765,694      |  |  |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

|                                                                                            | Three Months Ended March 31, |                    |
|--------------------------------------------------------------------------------------------|------------------------------|--------------------|
|                                                                                            | 2014                         | 2013<br>As revised |
|                                                                                            | (Dollars in thousands)       |                    |
| <b>Cash flows from operating activities:</b>                                               |                              |                    |
| Net income (loss)                                                                          | \$ 21,789                    | \$ (4,949)         |
| Adjustments to reconcile net income or loss to net cash provided by operating activities:  |                              |                    |
| Depreciation and amortization                                                              | 23,417                       | 23,137             |
| Amortization of premium from senior unsecured bonds                                        | (77)                         | (77)               |
| Accretion of asset retirement obligation                                                   | 374                          | 376                |
| Stock-based compensation                                                                   | 1,440                        | 1,543              |
| Amortization of deferred lease income                                                      | (671)                        | (671)              |
| Income attributable to sale of tax benefits, net of interest expense                       | (4,472)                      | (1,133)            |
| Equity in losses of investees                                                              | 197                          | —                  |
| Mark-to-market of derivative instruments                                                   | 224                          | 5,760              |
| Gain (loss) on severance pay fund asset                                                    | 17                           | (372)              |
| Deferred income tax provision                                                              | 5,896                        | 3,720              |
| Liability for unrecognized tax benefits                                                    | 182                          | 515                |
| Deferred lease revenues                                                                    | (63)                         | (31)               |
| Other                                                                                      | (181)                        | (819)              |
| Changes in operating assets and liabilities, net of amounts acquired:                      |                              |                    |
| Receivables                                                                                | 43,118                       | 10,571             |
| Costs and estimated earnings in excess of billings on uncompleted contracts                | (6,572)                      | (522)              |
| Inventories                                                                                | (382)                        | 2,411              |
| Prepaid expenses and other                                                                 | (4,074)                      | (144)              |
| Deposits and other                                                                         | (1,229)                      | (2,981)            |
| Accounts payable and accrued expenses                                                      | (7,725)                      | (14,765)           |
| Due from/to related entities, net                                                          | —                            | (24)               |
| Billings in excess of costs and estimated earnings on uncompleted contracts                | (4,086)                      | (3,659)            |
| Liabilities for severance pay                                                              | 341                          | 614                |
| Other long-term liabilities                                                                | 765                          | (231)              |
| Due from/to Parent                                                                         | (152)                        | (53)               |
| Net cash provided by operating activities                                                  | 68,076                       | 18,216             |
| <b>Cash flows from investing activities:</b>                                               |                              |                    |
| Return of investment in unconsolidated investments                                         | —                            | (5)                |
| Net change in restricted cash and cash equivalents                                         | (23,341)                     | (48,350)           |
| Cash received from sale of property, plant and equipment                                   | 15,000                       | —                  |
| Capital expenditures                                                                       | (48,330)                     | (49,561)           |
| Cash grant received from the U.S. Treasury under Section 1603 of the ARRA                  | 21,811                       | —                  |
| Investment in unconsolidated companies                                                     | (631)                        | (198)              |
| Increase (decrease) in severance pay fund asset, net of payments made to retired employees | 168                          | (130)              |
| Net cash used in investing activities                                                      | (35,323)                     | (98,244)           |
| <b>Cash flows from financing activities:</b>                                               |                              |                    |
| Proceeds from long-term loans                                                              | —                            | 45,000             |
| Proceeds from the sale of limited liability company interest in ORTP LLC                   | —                            | 32,197             |
| Purchase of OFC Senior Secured Notes                                                       | (12,860)                     | (11,888)           |
| Proceeds from revolving credit lines with banks                                            | 887,583                      | 597,193            |
| Repayment of revolving credit lines with banks                                             | (902,400)                    | (582,450)          |
| Repayments of long-term debt                                                               | (10,528)                     | (5,195)            |
| Cash paid to noncontrolling interest                                                       | (3,091)                      | (3,783)            |
| Cash received from non-controlling interest                                                | 2,234                        | —                  |
| Deferred debt issuance costs                                                               | (391)                        | (47)               |
| Cash dividends paid                                                                        | (2,727)                      | —                  |
| Net cash provided by (used in) financing activities                                        | (42,180)                     | 71,027             |
| Net change in cash and cash equivalents                                                    | (9,427)                      | (9,001)            |
| Cash and cash equivalents at beginning of period                                           | 57,354                       | 66,628             |
| Cash and cash equivalents at end of period                                                 | \$ 47,927                    | \$ 57,627          |
| <b>Supplemental non-cash investing and financing activities:</b>                           |                              |                    |
| Decrease in accounts payable related to purchases of property, plant and equipment         | \$ (5,641)                   | \$ (4,950)         |

The accompanying notes are an integral part of these condensed consolidated financial statements.





## ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

#### NOTE 1 — GENERAL AND BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of Ormat Technologies, Inc. and its subsidiaries (collectively, the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial statements. Accordingly, they do not contain all information and notes required by U.S. GAAP for annual financial statements. In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company’s consolidated financial position as of March 31, 2014, the consolidated results of operations and comprehensive income (loss) for the three-month periods ended March 31, 2014 and 2013 and the consolidated cash flows for the three-month periods ended March 31, 2014 and 2013.

The financial data and other information disclosed in the notes to the condensed consolidated financial statements related to these periods are unaudited. The results for the three-month period ended March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2013. The condensed consolidated balance sheet data as of December 31, 2013 was derived from the audited consolidated financial statements for the year ended December 31, 2013, but does not include all disclosures required by U.S. GAAP.

Dollar amounts, except per share data, in the notes to these financial statements are rounded to the closest \$1,000.

#### Revision of previously issued financial statements

The Company identified an error in the second quarter of 2013 related to the calculation and presentation of income tax provision and the related deferred tax asset for the year ended December 31, 2012 and the three months ended March 31, 2013, which was a direct result of the deferred tax effects of the non-cash asset impairment charge recorded in the fourth quarter of 2012. The Company understated the valuation allowance against the U.S. deferred tax assets by \$32.7 million and an additional \$3.1 million at December 31, 2012 and March 31, 2013, respectively. As a result, for the year ended December 31, 2012 the Company revised the valuation allowance by \$32.7 million, of which \$26.1 million was recorded against property, plant and equipment where the Company recognized the deferred tax effects of grants received during 2012 and the remaining \$6.6 million was recorded against the income tax provision. For the three months ended March 31, 2013, the Company revised the valuation allowance by an additional \$3.1 million which also increased the tax provision for the period by the same amount.

The Company assessed the materiality of this error in accordance with the SEC’s Staff Accounting Bulletin 99 and concluded that the previously issued financial statements were not materially misstated. However, if the entire correction of the error was recorded during the second quarter of fiscal 2013, the impact would be significant to the quarter ended June 30, 2013. In accordance with the SEC’s Staff Accounting Bulletin 108, the Company corrected these errors by revising the affected financial statements previously included in the Company’s 2012 Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the three months ended March 31, 2013.

This revision had no impact on the Company’s revenues, gross margin, operating income (loss), income (loss) before taxes and equity income (loss) of investees. There was also no impact on the Company’s consolidated net operating, investing or financing cash flows; however, the revisions impacted line items within the balance sheet at December 31, 2012 and March 31, 2013 and cash flows from operating activities for the year ended December 31, 2012 and the three months ended March 31, 2013. The revision impacted the Company income tax benefit (provision), net income (loss) from continuing operations, net income (loss) attributable to the Company’s stockholders, comprehensive income (loss) and earnings (loss) per share (“EPS”) in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2012 and the three months ended March 31, 2013.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The consolidated statement of operations and comprehensive income (loss), consolidated balance sheet, and consolidated statement of cash flows for the year ended December 31, 2012 were revised to correct the errors described above in the Company's 2013 Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q for the three months ended March 31, 2014.

The effect of the revision on the line items within the Company's consolidated balance sheet as of December 31, 2012 is as follows:

|                                    | <b>As of December 31, 2012</b> |                   |                   |
|------------------------------------|--------------------------------|-------------------|-------------------|
|                                    | <b>As reported</b>             | <b>Adjustment</b> | <b>As revised</b> |
|                                    | <b>(Dollars in thousands)</b>  |                   |                   |
| Deferred income taxes              | \$ 53,989                      | \$ (32,706)       | \$ 21,283         |
| Property, plant and equipment, net | 1,226,758                      | 26,115            | 1,252,873         |
| Total assets                       | 2,094,114                      | (6,591)           | 2,087,523         |
| Accumulated deficit                | (37,735)                       | (6,591)           | (44,326)          |
| Total equity                       | 702,189                        | (6,591)           | 695,607           |
| Total liabilities and equity       | 2,094,114                      | (6,591)           | 2,087,523         |

The effect of the revision on the line items within the Company's consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2012 is as follows:

|                                                               | <b>Year Ended December 31, 2012</b>                  |                   |                   |
|---------------------------------------------------------------|------------------------------------------------------|-------------------|-------------------|
|                                                               | <b>As reported</b>                                   | <b>Adjustment</b> | <b>As revised</b> |
|                                                               | <b>(Dollars in thousands, except per share data)</b> |                   |                   |
| Income tax benefit (provision)                                | \$ 3,500                                             | \$ (6,591)        | \$ (3,091)        |
| Loss from continuing operations                               | (206,016)                                            | (6,591)           | (212,607)         |
| Net loss                                                      | (206,016)                                            | (6,591)           | (212,607)         |
| Net loss attributable to the Company's stockholders           | \$ (206,430)                                         | \$ (6,591)        | \$ (213,021)      |
| Comprehensive loss                                            | (205,960)                                            | (6,591)           | (212,551)         |
| Comprehensive loss attributable to the Company's stockholders | \$ (206,374)                                         | \$ (6,591)        | \$ (212,965)      |
| Loss per share attributable to the Company's stockholders:    |                                                      |                   |                   |
| Basic and diluted                                             | \$ (4.54)                                            | \$ (0.15)         | \$ (4.69)         |

The effect of the revision on the line items within the Company's consolidated statements of cash flows for the year ended December 31, 2012 is as follows:

|                                           | <b>Year Ended December 31, 2012</b> |                   |                   |
|-------------------------------------------|-------------------------------------|-------------------|-------------------|
|                                           | <b>As reported</b>                  | <b>Adjustment</b> | <b>As revised</b> |
|                                           | <b>(Dollars in thousands)</b>       |                   |                   |
| Cash flows from operating activities:     |                                     |                   |                   |
| Net loss                                  | \$ (206,016)                        | \$ (6,591)        | \$ (212,607)      |
| Deferred income tax provision (benefit)   | (11,327)                            | 6,591             | (4,736)           |
| Net cash provided by operating activities | \$ 89,471                           | \$ -              | \$ 89,471         |

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The effect of the revision on the line items within the Company's consolidated balance sheet as of March 31, 2013 is as follows:

|                                    | <b>As of March 31, 2013</b>   |                   |                   |
|------------------------------------|-------------------------------|-------------------|-------------------|
|                                    | <b>As reported</b>            | <b>Adjustment</b> | <b>As revised</b> |
|                                    | <b>(Dollars in thousands)</b> |                   |                   |
| Deferred income taxes              | \$ 52,939                     | \$ (35,758)       | \$ 17,181         |
| Property, plant and equipment, net | 1,207,410                     | 26,115            | 1,233,525         |
| Total assets                       | 2,143,568                     | (9,643)           | 2,133,925         |
| Accumulated deficit                | (39,717)                      | (9,643)           | (49,360)          |
| Total equity                       | 706,519                       | (9,643)           | 696,876           |
| Total liabilities and equity       | 2,143,568                     | (9,643)           | 2,133,925         |

The effect of the revision on the line items within the Company's consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2013 is as follows:

|                                                               | <b>Three Months Ended March 31, 2013</b> |                   |                     |
|---------------------------------------------------------------|------------------------------------------|-------------------|---------------------|
|                                                               | <b>As reported</b>                       | <b>Adjustment</b> | <b>As revised *</b> |
|                                                               | <b>(Dollars in thousands)</b>            |                   |                     |
| Income tax benefit (provision)                                | \$ (1,217)                               | \$ (3,052)        | \$ (4,269)          |
| Loss from continuing operations                               | (1,897)                                  | (3,052)           | (4,949)             |
| Net loss                                                      | (1,897)                                  | (3,052)           | (4,949)             |
| Net loss attributable to the Company's stockholders           | <u>\$ (1,982)</u>                        | <u>\$ (3,052)</u> | <u>\$ (5,034)</u>   |
| Comprehensive loss:                                           |                                          |                   |                     |
| Net loss                                                      | (1,897)                                  | (3,052)           | (4,949)             |
| Comprehensive loss                                            | (1,939)                                  | (3,052)           | (4,991)             |
| Comprehensive loss attributable to the Company's stockholders | <u>\$ 2,024</u>                          | <u>\$ (3,052)</u> | <u>\$ (5,076)</u>   |
| Loss per share attributable to the Company's stockholders:    |                                          |                   |                     |
| Basic and diluted                                             | <u>\$ (0.04)</u>                         | <u>\$ (0.07)</u>  | <u>\$ (0.11)</u>    |

\* These numbers are revised for the correction of the error but prior to the impact of discontinued operations.

The effect of the revision on the line items within the Company's consolidated statements of cash flows for the three months ended March 31, 2013 is as follows:

|                                           | <b>Three Months Ended March 31, 2013</b> |                   |                   |
|-------------------------------------------|------------------------------------------|-------------------|-------------------|
|                                           | <b>As reported</b>                       | <b>Adjustment</b> | <b>As revised</b> |
|                                           | <b>(Dollars in thousands)</b>            |                   |                   |
| Cash flows from operating activities:     |                                          |                   |                   |
| Net loss                                  | \$ (1,897)                               | \$ (3,052)        | \$ (4,949)        |
| Deferred income tax provision             | 668                                      | 3,052             | 3,720             |
| Net cash provided by operating activities | <u>\$ 18,216</u>                         | <u>\$ -</u>       | <u>\$ 18,216</u>  |

**Other comprehensive income**

For the three months ended March 31, 2014 and 2013, the Company reclassified \$36,000 and \$42,000, respectively, from accumulated other comprehensive income, of which \$58,000 and \$70,000, respectively, were recorded to reduce interest expense and \$22,000 and \$28,000, respectively, were recorded against the income tax provision, in the condensed consolidated statements of operations and comprehensive income.

## ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued) (Unaudited)

#### Termination fee

On March 15, 2013, the Company finalized the agreement with Southern California Edison Company (“Southern California Edison”), by which the current G1 and G3 Standard Offer #4 power purchase agreements (“PPAs”) were terminated and a termination fee of \$9.0 million was recorded in selling and marketing expenses in the quarter ended March 31, 2013. Under the agreement, the Company will continue to sell power from G2, the third plant of the Mammoth complex, under its existing PPA with Southern California Edison, with the term of the contract extended by an additional six years until early 2027.

#### Solar project sale

On March 26, 2014, the Company signed an agreement with RET Holdings, LLC to sell the Heber Solar project in Imperial County, California for \$35.25 million. The Company received the first payment of \$15.0 million with the remainder expected to be paid in the second quarter of 2014. Due to certain contingencies in the sale agreement, the Company deferred the pre-tax gain of approximately \$7.5 million until resolution of such contingencies (which is expected in the second quarter of 2014).

#### Concentration of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of temporary cash investments and accounts receivable.

The Company places its temporary cash investments with high credit quality financial institutions located in the United States (“U.S.”) and in foreign countries. At March 31, 2014 and December 31, 2013, the Company had deposits totaling \$11,476,000 and \$13,805,000, respectively, in seven U.S. financial institutions that were federally insured up to \$250,000 per account. At March 31, 2014 and December 31, 2013, the Company’s deposits in foreign countries amounted to approximately \$49,438,000 and \$56,133,000, respectively.

At March 31, 2014 and December 31, 2013, accounts receivable related to operations in foreign countries amounted to approximately \$27,075,000 and \$32,231,000, respectively. At March 31, 2014 and December 31, 2013, accounts receivable from the Company’s primary customers amounted to approximately 68.3% and 35.0%, respectively, of the Company’s accounts receivable.

Sierra Pacific Power Company and Nevada Power Company (subsidiaries of NV Energy, Inc.) accounted for 15.3% and 15.5% of the Company’s total revenues for the three months ended March 31, 2014 and 2013, respectively.

Southern California Edison accounted for 12.1% and 11.7% of the Company’s total revenues for the three months ended March 31, 2014 and 2013, respectively.

Kenya Power and Lighting Co. Ltd. accounted for 14.3% and 8.4% of the Company’s total revenues for the three months ended March 31, 2014 and 2013, respectively.

The Company performs ongoing credit evaluations of its customers’ financial condition. The Company has historically been able to collect on all of its receivable balances, and accordingly, no provision for doubtful accounts has been made.

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

NOTE 2 — NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements effective in the three-month period ended March 31, 2014

*Reporting Discontinued Operations and Disclosures*

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendment, required to be applied prospectively for reporting periods beginning after December 15, 2014, limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have, or will have, a major effect on operations and financial results. The amendment requires expanded disclosures for discontinued operations and also requires additional disclosures regarding disposals of individually significant components that do not qualify as discontinued operations. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. This amendment has no impact on our current disclosures, but will in the future if we dispose of any individually significant components of the Company.

*Presentation of Unrecognized Tax Benefits*

In July 2013, the FASB clarified the accounting guidance on presentation of the unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance states that an unrecognized tax benefit (or a portion thereof) should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except for certain exceptions specified in the guidance. The exceptions include when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to reduce any income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and is to be made assuming the disallowance of the tax position at the reporting date. This accounting update is effective for fiscal periods after December 15, 2013. The provision was applied prospectively to all unrecognized tax benefits that exist on January 1, 2014. The adoption of this guidance did have a material impact on the condensed consolidated financial statements.

NOTE 3 — INVENTORIES

Inventories consist of the following:

|                                                        | March 31,<br>2014      | December 31,<br>2013 |
|--------------------------------------------------------|------------------------|----------------------|
|                                                        | (Dollars in thousands) |                      |
| Raw materials and purchased parts for assembly         | \$ 6,557               | \$ 6,326             |
| Self-manufactured assembly parts and finished products | 16,114                 | 15,963               |
| Total                                                  | <u>\$ 22,671</u>       | <u>\$ 22,289</u>     |

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

**NOTE 4 — UNCONSOLIDATED INVESTMENTS**

Unconsolidated investments, mainly in power plants, consist of the following:

|         | <b>March 31,<br/>2014</b>     | <b>December 31,<br/>2013</b> |
|---------|-------------------------------|------------------------------|
|         | <b>(Dollars in thousands)</b> |                              |
| Sarulla | <b>\$ 7,510</b>               | <b>\$ 7,076</b>              |

***The Sarulla Project***

The Company (through a subsidiary) is a 12.75% equity stake member of a consortium (the “Sarulla” Consortium”) which is in the process of developing the Sarulla geothermal power project in Indonesia with expected generating capacity of approximately 330 megawatts (“MW”). The Sarulla project is located in Tapanuli Utara, North Sumatra, Indonesia and will be owned and operated by the consortium members under the framework of a Joint Operating Contract (“JOC”) and Energy Sales Contract (“ESC”) that were signed on April 4, 2013. Under the JOC, PT Pertamina Geothermal Energy, the concession holder for the project, has provided the consortium with the right to use the geothermal field, and under the ESC, PT PLN, the state electric utility, will be the off-taker at Sarulla for a period of 30 years. In addition to its equity holdings in the consortium, the Company designed the Sarulla plant and is expected to supply its Ormat Energy Converters (“OECs”) to the power plant. The supply contract was signed on October 2013.

The consortium has started preliminary testing and development activities at the site and signed an engineering procurement and construction agreement (“EPC”) with an unrelated third party. The project will be constructed in three phases of 110 MW each, utilizing both steam and brine extracted from the geothermal field to increase the power plant’s efficiency.

On March 28, 2014, the consortium signed financing agreements in an aggregate amount of \$1.17 billion to finance the development of the Sarulla project with a consortium of lenders comprised of Japan Bank for International Cooperation (“JBIC”), the Asian Development Bank and six commercial banks to obtain construction and term loan under limited-recourse financing package backed by political risk guarantee from JBIC.

Upon financing closing, the consortium is expected to begin full scope of construction with the first phase of operations expected to commence in 2016. The remaining two phases of operations are scheduled to commence within 18 months thereafter. The Company will supply its Ormat Energy Converters to the power plant and will add the \$254.0 million supply contract to its product segment backlog once the Notice to Proceed is issued, upon closing of the financing. According to the current project plan we expect to recognize revenue from the project over the course of the next three to four years starting in the third quarter of 2014.

During the first quarter of 2014, the Company made additional investment contributions of \$0.6 million to the Sarulla project, consistent with its pro rata share in the consortium.

The Company’s share in the results of operations of the Sarulla project was not significant for each of the periods presented in these condensed consolidated financial statements.

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

NOTE 5 — FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement guidance clarifies that fair value is an exit price, representing the amount that would be received upon selling an asset or paid upon transferring a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the fair value measurement guidance are described below:

*Level 1* — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

*Level 2* — Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability ;

*Level 3* — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth certain fair value information at March 31, 2014 and December 31, 2013 for financial assets and liabilities measured at fair value by level within the fair value hierarchy, as well as carrying value. As required by the fair value measurement guidance, assets and liabilities are classified in their entirety based on the lowest level of inputs that is significant to the fair value measurement.

|                                                       | Carrying Value<br>at March 31,<br>2014 | March 31, 2014   |                  |                   |             |
|-------------------------------------------------------|----------------------------------------|------------------|------------------|-------------------|-------------|
|                                                       |                                        | Fair Value       |                  |                   |             |
|                                                       |                                        | Total            | Level 1          | Level 2           | Level 3     |
| (Dollars in thousands)                                |                                        |                  |                  |                   |             |
| <b>Assets</b>                                         |                                        |                  |                  |                   |             |
| Current assets:                                       |                                        |                  |                  |                   |             |
| Cash equivalents (including restricted cash accounts) | \$ 62,946                              | \$ 62,946        | \$ 62,946        | \$ -              | \$ -        |
| Derivatives:                                          |                                        |                  |                  |                   |             |
| Swap transaction on oil price <sup>(1)</sup>          | 663                                    | 663              | -                | 663               | -           |
| Swap transaction on natural gas price <sup>(2)</sup>  | 223                                    | 223              | -                | 223               | -           |
| Currency forward contracts <sup>(3)</sup>             | 1,113                                  | 1,113            | -                | 1,113             | -           |
| <b>Liabilities:</b>                                   |                                        |                  |                  |                   |             |
| Current liabilities:                                  |                                        |                  |                  |                   |             |
| Derivatives:                                          |                                        |                  |                  |                   |             |
| Swap transaction on natural gas price <sup>(2)</sup>  | (3,941)                                | (3,941)          | -                | (3,941)           | -           |
|                                                       | <u>\$ 61,004</u>                       | <u>\$ 61,004</u> | <u>\$ 62,946</u> | <u>\$ (1,942)</u> | <u>\$ -</u> |



**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

|                                                       | Carrying<br>Value<br>at December<br>31,<br>2013 | December 31, 2013      |           |          |         |
|-------------------------------------------------------|-------------------------------------------------|------------------------|-----------|----------|---------|
|                                                       |                                                 | Fair Value             |           |          |         |
|                                                       |                                                 | Total                  | Level 1   | Level 2  | Level 3 |
|                                                       |                                                 | (Dollars in thousands) |           |          |         |
| Assets                                                |                                                 |                        |           |          |         |
| Current assets:                                       |                                                 |                        |           |          |         |
| Cash equivalents (including restricted cash accounts) | \$ 40,015                                       | \$ 40,015              | \$ 40,015 | \$ -     | \$ -    |
| Derivatives:                                          |                                                 |                        |           |          |         |
| Currency forward contracts <sup>(3)</sup>             | 2,290                                           | 2,290                  | -         | 2,290    | -       |
| Liabilities:                                          |                                                 |                        |           |          |         |
| Current liabilities:                                  |                                                 |                        |           |          |         |
| Derivatives:                                          |                                                 |                        |           |          |         |
| Swap transaction on oil price <sup>(1)</sup>          | (2,490)                                         | (2,490)                | -         | (2,490)  | -       |
| Swap transaction on natural gas price <sup>(2)</sup>  | (341)                                           | (341)                  | -         | (341)    | -       |
|                                                       | \$ 39,474                                       | \$ 39,474              | \$ 40,015 | \$ (541) | \$ -    |

- (1) This amount relates to derivatives which represent swap contracts on oil prices, valued primarily based on observable inputs, including forward and spot prices for related commodity indices, and are included within "prepaid expenses and other" and "accounts payable and accrued expenses" in the condensed consolidated balance sheet with the corresponding gain or loss being recognized within "electricity revenues" in the condensed consolidated statement of operations and comprehensive income (loss).
- (2) This amount relates to derivatives which represent swap contracts on natural gas prices, valued primarily based on observable inputs, including forward and spot prices for related commodity indices, and are included within "prepaid expenses and other" and "accounts payable and accrued expenses" in the condensed consolidated balance sheet with the corresponding gain or loss being recognized within "electricity revenues" in the condensed consolidated statement of operations and comprehensive income (loss).
- (3) This amount relates to derivatives which represent currency forward contracts, valued primarily based on observable inputs, including forward and spot prices for currencies, netted against contracted rates and then multiplied against notational amounts, and are included within "prepaid expenses and other" in the condensed consolidated balance sheet with the corresponding gain or loss being recognized within "foreign currency translation and transaction gains (losses)" in the condensed consolidated statement of operations and comprehensive income (loss).

The amounts set forth in the tables above include investments in debt instruments, money market funds (which are included in cash equivalents) and short-term bank deposits. Those securities and deposits are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in an active market.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The following table presents the amounts of gain (loss) recognized in the condensed consolidated statements of operations and comprehensive income (loss) on derivative instruments not designated as hedges:

| Derivatives not designated as hedging instruments | Location of recognized gain (loss)                          | Amount of recognized gain (loss) |                   |
|---------------------------------------------------|-------------------------------------------------------------|----------------------------------|-------------------|
|                                                   |                                                             | Three Months Ended March 31,     |                   |
|                                                   |                                                             | 2014                             | 2013              |
| (Dollars in thousands)                            |                                                             |                                  |                   |
| Put options on oil price                          | Electricity revenues                                        | \$ —                             | \$ (927)          |
| Swap transaction on oil price                     | Electricity revenues                                        | 907                              | (295)             |
| Swap transaction on natural gas price             | Electricity revenues                                        | (3,276)                          | (3,390)           |
| Currency forward contracts                        | Foreign currency translation and transaction gains (losses) | (231)                            | 2,035             |
|                                                   |                                                             | <u>\$ (2,600)</u>                | <u>\$ (2,577)</u> |

On September 3, 2013, the Company entered into an NGI swap contract with a bank for notional volume of approximately 4.4 million MMBtus for settlement effective January 1, 2014 until December 31, 2014, in order to reduce its exposure to NGI below \$4.035 per MMBtu under its PPAs with Southern California Edison. The contract did not have up-front costs. Under the terms of this contract, the Company makes floating rate payments to the bank and receives fixed rate payments from the bank on each settlement date. The swap contract has monthly settlement whereby the difference between the fixed price of \$4.035 per MMBtu and the market price on the first commodity business day on which the relevant commodity reference price is published in the relevant calculation period (January 1, 2014 to December 1, 2014) is being settled on a cash basis.

On October 16, 2013, the Company entered into an NGI swap contract with a bank for notional volume of approximately 4.2 million MMBtus for settlement effective January 1, 2014 until December 31, 2014, in order to reduce its exposure to NGI below \$4.103 per MMBtu under its PPAs with Southern California Edison. The contract did not have any up-front costs. Under the terms of this contract, the Company makes floating rate payments to the bank and receives fixed rate payments from the bank on each settlement date. The swap contract has monthly settlements whereby the difference between the fixed price of \$4.103 per MMBtu and the market price on the first commodity business day on which the relevant commodity reference price is published in the relevant calculation period (January 1, 2014 to December 1, 2014) is being settled on a cash basis.

On October 16, 2013, the Company entered into a New York Harbor ULSD swap contract with a bank for notional volume of 275,000 BBL effective from January 1, 2014 until December 31, 2014 to reduce the Company's exposure to fluctuations in the energy rate caused by fluctuations in oil prices under the 25 MW PPA for the Puna complex. The Company entered into this contract because the swap had a high correlation with the avoided costs (which are incremental costs that the power purchaser avoids by not having to generate such electrical energy itself or purchase it from others) that HELCO uses to calculate the energy rate. The contract did not have any up-front costs. Under the term of this contract, the Company will make floating rate payments to the bank and receive fixed rate payments from the bank on each settlement date (\$125.15 per BBL). The swap contract has monthly settlements whereby the difference between the fixed price and the monthly average market price will be settled on a cash basis.

On March 6, 2014, the Company entered into an NGI swap contract with a bank for notional volume of approximately 2.2 million MMBtus for settlement effective January 1, 2015 until March 31, 2015, in order to reduce its exposure to NGI below \$4.95 per MMBtu under its PPAs with Southern California Edison. The contract did not have any up-front costs. Under the terms of this contract, the Company will make floating rate payments to the bank and receive fixed rate payments from the bank on each settlement date. The swap contract has monthly settlements whereby the difference between the fixed price of \$4.95 per MMBtu and the market price on the first commodity business day on which the relevant commodity reference price is published in the relevant calculation period (January 1, 2015 to March 1, 2015) will be settled on a cash basis.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The foregoing swap transactions have not been designated as hedge transactions and are marked to market with the corresponding gains or losses recognized within “electricity revenues” in the condensed consolidated statements of operations and comprehensive income (loss). The Company recognized a net loss from these transactions of \$2.4 million and \$4.6 million in the three months ended March 31, 2014 and March 31, 2013, respectively.

There were no transfers of assets or liabilities between Level 1 and Level 2 during the three months ended March 31, 2014.

The fair value of the Company’s long-term debt approximates its carrying amount, except for the following:

|                                    | <b>Fair Value</b>            |                              | <b>Carrying Amount</b>       |                              |
|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                    | <b>March 31,<br/>2014</b>    | <b>December 31,<br/>2013</b> | <b>March 31,<br/>2014</b>    | <b>December 31,<br/>2013</b> |
|                                    | <b>(Dollars in millions)</b> |                              | <b>(Dollars in millions)</b> |                              |
| Olkaria III Loan - DEG             | \$ 40.7                      | \$ 40.3                      | \$ 39.5                      | \$ 39.5                      |
| Olkaria III Loan - OPIC            | 280.6                        | 279.6                        | 296.1                        | 299.9                        |
| Amatitlan Loan                     | 33.7                         | 34.8                         | 30.8                         | 31.5                         |
| Senior Secured Notes:              |                              |                              |                              |                              |
| Ormat Funding LLC ("OFC")          | 74.9                         | 83.5                         | 77.6                         | 90.8                         |
| OrCal Geothermal LLC ("OrCal")     | 67.1                         | 65.8                         | 66.2                         | 66.2                         |
| OFC 2 LLC ("OFC 2")                | 119.1                        | 119.0                        | 141.9                        | 144.4                        |
| Senior Unsecured Bonds             | 265.9                        | 270.6                        | 250.5                        | 250.6                        |
| Loans from institutional investors | 18.2                         | 20.1                         | 17.7                         | 19.5                         |

The fair value of OFC Senior Secured Notes is determined using observable market prices as these securities are traded. The fair value of the other long-term debt is determined by a valuation model, which is based on a conventional discounted cash flow methodology and utilizes assumptions of current borrowing rates. The fair value of revolving lines of credit is determined using a comparison of market-based price sources that are reflective of similar credit ratings to those of the Company.

The carrying value of other financial instruments, such as revolving lines of credit, deposits, and other long-term debt approximates fair value.

The following table presents the fair value of financial instruments as of March 31, 2014:

|                                   | <b>Level 1</b>               | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-----------------------------------|------------------------------|----------------|----------------|--------------|
|                                   | <b>(Dollars in millions)</b> |                |                |              |
| Olkaria III Loan - DEG            | \$ —                         | \$ —           | \$ 40.7        | \$ 40.7      |
| Olkaria III Loan - OPIC           | —                            | —              | 280.6          | 280.6        |
| Amatitlan Loan                    | —                            | —              | 33.7           | 33.7         |
| Senior Secured Notes:             |                              |                |                |              |
| OFC                               | —                            | 74.9           | —              | 74.9         |
| OrCal                             | —                            | —              | 67.1           | 67.1         |
| OFC 2                             | —                            | —              | 119.1          | 119.1        |
| Senior unsecured bonds            | —                            | —              | 265.9          | 265.9        |
| Loan from institutional investors | —                            | —              | 18.2           | 18.2         |
| Other long-term debt              | —                            | 21.7           | —              | 21.7         |
| Revolving credit lines with banks | —                            | 97.2           | —              | 97.2         |
| Deposits                          | 21.1                         | —              | —              | 21.1         |

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The following table presents the fair value of financial instruments as of December 31, 2013:

|                                   | <b>Level 1</b>               | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-----------------------------------|------------------------------|----------------|----------------|--------------|
|                                   | <b>(Dollars in millions)</b> |                |                |              |
| Olkaria III Loan - DEG            | \$ —                         | \$ —           | \$ 40.3        | \$ 40.3      |
| Olkaria III Loan - OPIC           | —                            | —              | 279.6          | 279.6        |
| Amatitlan Loan                    | —                            | —              | 34.8           | 34.8         |
| Senior Secured Notes:             |                              |                |                |              |
| OFC                               | —                            | 83.5           | —              | 83.5         |
| OrCal                             | —                            | —              | 65.8           | 65.8         |
| OFC 2                             | —                            | —              | 119.0          | 119.0        |
| Senior unsecured bonds            | —                            | —              | 270.6          | 270.6        |
| Loan from institutional investors | —                            | —              | 20.1           | 20.1         |
| Other long-term debt              | —                            | 23.3           | —              | 23.3         |
| Revolving credit lines with banks | —                            | 112.0          | —              | 112.0        |
| Deposits                          | 21.3                         | —              | —              | 21.3         |

**NOTE 6 — STOCK-BASED COMPENSATION**

*The 2004 Incentive Compensation Plan*

In 2004, the Company's Board of Directors adopted the 2004 Incentive Compensation Plan ("2004 Incentive Plan"), which provides for the grant of the following types of awards: incentive stock options, non-qualified stock options, restricted stock, stock appreciation rights ("SARs"), stock units, performance awards, phantom stock, incentive bonuses, and other possible related dividend equivalents to employees of the Company, directors and independent contractors. Under the 2004 Incentive Plan, a total of 3,750,000 shares of the Company's common stock have been reserved for issuance, all of which could be issued as options or as other forms of awards. Options and SARs granted to employees under the 2004 Incentive Plan cliff vest and are exercisable from the grant date as follows: 25% after 24 months, 25% after 36 months, and the remaining 50% after 48 months. Options granted to non-employee directors under the 2004 Incentive Plan cliff vest and are exercisable one year after the grant date. Vested stock-based awards may be exercised for up to ten years from the date of grant. The shares of common stock will be issued upon exercise of options or SARs from the Company's authorized share capital. The 2004 Incentive Plan expired in May 2012 upon adoption of the 2012 Incentive Plan, except as to share based awards outstanding on that date.

*The 2012 Incentive Compensation Plan*

In May 2012, the Company's shareholders adopted the 2012 Incentive Compensation Plan ("2012 Incentive Plan"), which provides for the grant of the following types of awards: incentive stock options, non-qualified stock options, restricted stock, SARs, stock units, performance awards, phantom stock, incentive bonuses, and other possible related dividend equivalents to employees of the Company, directors and independent contractors. Under the 2012 Incentive Plan, a total of 4,000,000 shares of the Company's common stock have been reserved for issuance, all of which could be issued as options or as other forms of awards. Options and SARs granted to employees under the 2012 Incentive Plan typically vest and become exercisable as follows: 25% vest 24 months after the grant date, an additional 25% vest 36 months after the grant date, and the remaining 50% vest 48 months after the grant date. Options granted to non-employee directors under the 2012 Incentive Plan will vest and become exercisable one year after the grant date. The term of stock-based awards typically ranges from six to ten years from the date of grant. The shares of common stock will be issued upon exercise of options or SARs from the Company's authorized share capital.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The 2012 Incentive Plan empowers the Company's Board of Directors, in its discretion, to amend the 2012 Incentive Plan in certain respects. Consistent with its authority to amend the Incentive Plan, in February 2014 the Board adopted and approved certain amendments to the Incentive Plan. The key amendments are as follows:

Increase of per grant limit: Section 15(a) of the 2012 Incentive Plan was amended to allow the grant of up to 400,000 shares of the Company's common stock with respect to the initial grant of an equity award to newly hired executive officers in any calendar year. This amendment will become void if not adopted by the Company's stockholders by May 31, 2014; and

Acceleration of vesting: Section 15(l) of the 2012 Incentive Plan was amended to clarify the Company ability to provide in the applicable award agreement that part and/or all of the award will be accelerated upon the occurrence of certain predetermined events and/or conditions, such as a "change in control" (as defined in the 2012 Incentive Plan, as amended).

On February 11, 2014 the Company granted its Chief Financial Officer stock options to purchase 32,500 shares of common stock under the 2012 Incentive Plan. The exercise price of each option is \$24.57, which represented the fair market value of the Company's common stock on the grant date. Such options will expire five years from the date of grant and will vest in equal annual installments over a period of three years from the grant date, subject to acceleration upon a change of control.

The fair value of each SAR on the grant date was \$5.78. The Company calculated the fair value of each SAR on the date of grant using the Black-Scholes valuation model based on the following assumptions:

|                          |        |
|--------------------------|--------|
| Risk-free interest rates | 0.81%  |
| Expected term (in years) | 3.375  |
| Dividend yield           | 0.80%  |
| Expected volatility      | 33.50% |

**NOTE 7 — INTEREST EXPENSE, NET**

The components of interest expense, net, are as follows:

|                                          | <b>Three Months Ended March 31,</b> |                  |
|------------------------------------------|-------------------------------------|------------------|
|                                          | <b>2014</b>                         | <b>2013</b>      |
|                                          | <b>(Dollars in thousands)</b>       |                  |
| Interest related to sale of tax benefits | \$ 2,579                            | \$ 2,717         |
| Other                                    | 18,391                              | 15,843           |
| Less — amount capitalized                | (452)                               | (2,697)          |
|                                          | <u>\$ 20,518</u>                    | <u>\$ 15,863</u> |

**NOTE 8 — EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share attributable to the Company's stockholders ("earnings (loss) per share") is computed by dividing net income or loss attributable to the Company's stockholders by the weighted average number of shares of common stock outstanding for the period. The Company does not have any equity instruments that are dilutive, except for employee stock-based awards.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The table below shows the reconciliation of the number of shares used in the computation of basic and diluted earnings (loss) per share:

|                                                                                            | <b>Three Months Ended March 31,</b> |             |
|--------------------------------------------------------------------------------------------|-------------------------------------|-------------|
|                                                                                            | <b>2014</b>                         | <b>2013</b> |
|                                                                                            | <b>(In thousands)</b>               |             |
| Weighted average number of shares used in computation of basic earnings (loss) per share   | 45,479                              | 45,431      |
| Add:                                                                                       |                                     |             |
| Additional shares from the assumed exercise of employee stock-based awards                 | 181                                 | —           |
| Weighted average number of shares used in computation of diluted earnings (loss) per share | 45,660                              | 45,431      |

For the three months ended March 31, 2013, the employee stock-based awards were anti-dilutive because of the Company's net loss, and therefore they have been excluded from the diluted earnings (loss) per share calculation.

The number of stock-based awards that could potentially dilute future earnings per share and that were not included in the computation of diluted earnings (loss) per share because to do so would have been anti-dilutive was 3,349,877 and 5,161,802 for the three months ended March 31, 2014 and 2013, respectively.

**NOTE 9 — BUSINESS SEGMENTS**

The Company has two reporting segments: Electricity and Product Segments. These segments are managed and reported separately as each offers different products and serves different markets. The Electricity Segment is engaged in the sale of electricity from the Company's power plants pursuant to PPAs. The Product Segment is engaged in the manufacture, including design and development, of turbines and power units for the supply of electrical energy and in the associated construction of power plants utilizing the power units manufactured by the Company to supply energy from geothermal fields and other alternative energy sources. Transfer prices between the operating segments are determined based on current market values or cost plus markup of the seller's business segment.

Summarized financial information concerning the Company's reportable segments is shown in the following tables:

|                                                | Electricity            | Product   | Consolidated |
|------------------------------------------------|------------------------|-----------|--------------|
|                                                | (Dollars in thousands) |           |              |
| Three Months Ended March 31, 2014:             |                        |           |              |
| Net revenues from external customers           | \$ 94,817              | \$ 47,619 | \$ 142,436   |
| Intersegment revenues                          | —                      | 20,594    | 20,594       |
| Operating income                               | 30,918                 | 11,653    | 42,571       |
| Segment assets at period end *                 | 2,003,991              | 130,356   | 2,134,347    |
| * Including unconsolidated investments         | 7,510                  | —         | 7,510        |
| Three Months Ended March 31, 2013, as revised: |                        |           |              |
| Net revenues from external customers           | \$ 68,298              | \$ 50,608 | \$ 118,906   |
| Intersegment revenues                          | —                      | 6,581     | 6,581        |
| Operating income (loss)                        | (1,278)                | 8,962     | 7,684        |
| Segment assets at period end *                 | 2,046,817              | 96,751    | 2,143,568    |
| * Including unconsolidated investments         | 2,789                  | —         | 2,789        |

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

Reconciling information between reportable segments and the Company’s consolidated totals is shown in the following table:

|                                                                            | <b>Three Months Ended March 31,</b> |                             |
|----------------------------------------------------------------------------|-------------------------------------|-----------------------------|
|                                                                            | <b>2014</b>                         | <b>2013,<br/>As revised</b> |
|                                                                            | <b>(Dollars in thousands)</b>       |                             |
| Operating income                                                           | \$ 42,571                           | \$ 7,684                    |
| Interest income                                                            | 111                                 | 41                          |
| Interest expense, net                                                      | (20,518)                            | (15,863)                    |
| Foreign currency translation and transaction gains (losses)                | (638)                               | 1,682                       |
| Income attributable to sale of equity interest                             | 6,717                               | 3,532                       |
| Other non-operating (expense), net                                         | 63                                  | 1,417                       |
| Total income (loss), before income taxes and equity in losses of investees | <u>\$ 28,306</u>                    | <u>\$ (1,507)</u>           |

**NOTE 10 — COMMITMENTS AND CONTINGENCIES**

In December 2012, Laborers’ International Union of North America Local Union No. 783 (“LiUNA”), an organized labor union, filed a petition in Mono County Superior Court, naming Mono County, California and the Company as defendant and real party in interest, respectively. The petitioners brought this action to challenge the November 13, 2012 decision of the Mono County Board of Supervisors in adopting Resolutions No. 12-78, denying petitioners’ administrative appeal of the Planning Commission’s approval of Conditional Use Permit (“CUP”), adoption of findings under the California Environmental Quality Act (“CEQA”) and adoption of the final environmental impact report (“EIR”) for the Mammoth Pacific enhancement. The petition asked the court to set aside the approval of the CUP and adoption of the EIR and cause a new EIR to be prepared and circulated.

The Company believes that the petition is without merit and intends to respond and take necessary legal action to dismiss the proceedings. The Company responded to LiUNA’s petition. Filing of the petition in and of itself does not have any immediate adverse implications for the Mammoth enhancement.

In January 2014, the Company learned that two former employees alleged in a “qui tam” complaint filed in the United States District Court for the Southern District of California that the Company submitted fraudulent applications and certifications to obtain grants. While the United States Department of Justice has declined to intervene, the former employees may proceed on their own. In April 2014, the Company was served and does not believe that the allegations of the lawsuit have any merit and will defend itself vigorously.

In addition, from time to time, the Company is named as a party in various other lawsuits, claims and other legal and regulatory proceedings that arise in the ordinary course of its business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, claims and proceedings, the Company accrues reserves when a loss is probable and the amount of such loss can be reasonably estimated. It is the opinion of the Company’s management that the outcome of these proceedings, individually and collectively, will not be material to the Company’s consolidated financial statements as a whole.

**NOTE 11 — INCOME TAXES**

The Company’s effective tax rate for the three months ended March 31, 2014 and 2013 was 22.3% and 268.5%, respectively. The effective tax rate differs from the federal statutory rate of 35% for the three months ended March 31, 2014 due to; (i) a full valuation allowance against the Company’s U.S. deferred tax assets in respect of net operating loss (“NOL”) carryforwards and unutilized tax credits (see below), (ii) lower tax rates in Israel; and (iii) a tax credit and tax exemption related to the Company’s subsidiaries in Guatemala. The effect of the tax credit and tax exemption for the three months ended March 31, 2014 and March 31, 2013 was \$1,019,000 and \$951,000, respectively.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

At December 31, 2013, the Company had U.S. federal NOL carryforwards of approximately \$235.4 million and state NOL carryforwards of approximately \$218.1 available to reduce future taxable income, which expire between 2021 and 2032 for federal NOLs and between 2014 and 2032 for state NOLs. Investment tax credits in the amount of \$0.7 million at December 31, 2013 are available for a 20-year period and expire between 2022 and 2024. Production tax credits in the amount of \$71.3 million at December 31, 2013 are available for a 20-year period and expire between 2026 and 2032.

Realization of the deferred tax assets is dependent on generating sufficient taxable income in appropriate jurisdictions prior to expiration of the NOL carryforwards and tax credits. The scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies were considered in determining the amount of valuation allowance. A full valuation allowance was recorded against the U.S. deferred tax assets as of December 31, 2013 and March 31, 2014, as at these points in time, it was more likely than not that the deferred tax assets will not be realized. If sufficient evidence of the Company's ability to generate taxable income is established in the future, the Company may be required to reduce this valuation allowance, resulting in income tax benefits in its condensed consolidated statement of operations and comprehensive income (loss).

The Company believes that based on its plans to increase the operations outside of the U.S., the cash generated from the Company's operations outside of the U.S. will be reinvested outside of the U.S.. In addition, the Company's U.S. sources of cash and liquidity are sufficient to meet its needs in the U.S. and, accordingly, the Company does not currently plan to repatriate the funds it has designated as being permanently invested outside the U.S.. If the Company changes its plans, it may be required to accrue and pay U.S. taxes to repatriate these funds.

The Company's subsidiary, Ormat Systems Ltd. ("Ormat Systems"), received "Benefited Enterprise" status under Israel's Law for Encouragement of Capital Investments, 1959 (the "Investment Law"), with respect to two of its investment programs. As a Benefited Enterprise, Ormat Systems was exempt from Israeli income taxes with respect to income derived from the first benefited investment for a period of two years beginning in 2004, and thereafter such income was subject to reduced Israeli income tax rates, which will not exceed 25% for an additional five years until 2010. Ormat Systems was also exempt from Israeli income taxes with respect to income derived from the second benefited investment for a period of two years beginning in 2007. Thereafter, such income is subject to reduced Israeli income tax rates, which will not exceed 25% for an additional five years until 2013. These benefits are subject to certain conditions, including among other things, that all transactions between Ormat Systems and its affiliates are done on an arm's length basis, and that the management of Ormat Systems will be located in, and the control will be conducted from, Israel during the entire period of the tax benefits. A change in control of Ormat Systems would need to be reported to the Israel Tax Authority in order for Ormat Systems to maintain the tax benefits. In January 2011, new legislation amending the Investment Law was enacted. Under the new legislation, a uniform rate of corporate tax will apply to all qualified income of certain industrial companies, as opposed to the previous law's incentives that are limited to income from a "Benefited Enterprise" during their benefits period. According to the amendment, the uniform tax rate applicable to the zone where the production facilities of Ormat Systems are located would be 15% in 2011 and 2012, 12.5% in 2013 and 2014, and 12% in 2015 and thereafter. Under the transitory provisions of the new legislation, Ormat Systems had the option either to irrevocably comply with the new law while waiving benefits provided under the previous law or to continue to comply with the previous law during a transition period with the option to move from the previous law to the new law at any stage. Ormat Systems decided to irrevocably comply with the new law starting in 2011.



**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

|                                                        | <b>Three Months Ended March 31,</b> |                 |
|--------------------------------------------------------|-------------------------------------|-----------------|
|                                                        | <b>2014</b>                         | <b>2013</b>     |
|                                                        | <b>(Dollars in thousands)</b>       |                 |
| Balance at beginning of period                         | \$ 4,950                            | \$ 7,280        |
| Additions based on tax positions taken in prior years  | 76                                  | 104             |
| Additions based on tax positions taken in current year | 106                                 | 411             |
| Balance at end of period                               | <u>\$ 5,132</u>                     | <u>\$ 7,795</u> |

**NOTE 12 — TAX MONETIZATION TRANSACTION**

**OPC TRANSACTION**

In June 2007, the Company’s wholly owned subsidiary Ormat Nevada Inc. (“Ormat Nevada”) entered into agreements with affiliates of Morgan Stanley & Co. Incorporated and Lehman Brothers Inc. (Morgan Stanley Geothermal LLC and Lehman-OPC LLC), under which those investors purchased, for cash, interests in a newly formed subsidiary of Ormat Nevada, OPC LLC (“OPC”), entitling the investors to certain tax benefits (such as PTCs and accelerated depreciation) and distributable cash associated with four geothermal power plants.

The first closing under the agreements occurred in 2007 and covered the Company’s Desert Peak 2, Steamboat Hills, and Galena 2 power plants. The investors paid \$71.8 million at the first closing. The second closing under the agreements occurred in 2008 and covered the Galena 3 power plant. The investors paid \$63.0 million at the second closing.

Ormat Nevada continues to operate and maintain the power plants. Under the agreements, Ormat Nevada initially received all of the distributable cash flow generated by the power plants, while the investors received substantially all of the production tax credits and taxable income or loss (together, the “Economic Benefits”). Once Ormat Nevada recovered the capital that it has invested in the power plants, which occurred in the fourth quarter of 2010, the investors receive both the distributable cash flow and the Economic Benefits. The investors’ return is limited by the term of the transaction. Once the investors reach a target after-tax yield on their investment in OPC (the “OPC Flip Date”), Ormat Nevada will receive 95% of both distributable cash and taxable income, on a going forward basis. Following the OPC Flip Date, Ormat Nevada also has the option to buy out the investors’ remaining interest in OPC at the then-current fair market value or, if greater, the investors’ capital account balances in OPC. Should Ormat Nevada exercise this purchase option, it would thereupon revert to being sole owner of the power plants.

The Class B membership units are provided with a 5% residual economic interest in OPC. The 5% residual interest commences on achievement by the investors of a contractually stipulated return that triggers the OPC Flip Date. The actual OPC Flip Date is not known with certainty and is determined by the operating results of OPC. This residual 5% interest represents a noncontrolling interest and is not subject to mandatory redemption or guaranteed payments. Cash is distributed each period in accordance with the cash allocation percentages stipulated in the agreements. Until the fourth quarter of 2010, Ormat Nevada was allocated the cash earnings in OPC and therefore, the amount allocated to the 5% residual interest represented the noncash loss of OPC which principally represented depreciation on the property, plant and equipment. As from the fourth quarter of 2010, the distributable cash is allocated to the Class B membership units. As a result of the acquisition by Ormat Nevada, on October 30, 2009, of all of the Class B membership units of OPC held by Lehman-OPC LLC (see below), the residual interest decreased to 3.5%. Such residual interest increased to 5% on February 3, 2011 when Ormat Nevada sold its Class B membership units to JPM Capital Corporation (“JPM”) (see below).

## ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued) (Unaudited)

The Company's voting rights in OPC are based on a capital structure that is comprised of Class A and Class B membership units. Through Ormat Nevada, the Company owns all of the Class A membership units, which represent 75% of the voting rights in OPC. The investors own all of the Class B membership units, which represent 25% of the voting rights in OPC. In the period from October 30, 2009 to February 3, 2011, the Company owned, through Ormat Nevada, all of the Class A membership units, which represented 75% of the voting rights in OPC, and 30% of the Class B membership units, which represented 7.5% of the voting rights of OPC. In total the Company had 82.5% of the voting rights in OPC as of December 31, 2010. In that period, the investors owned 70% of the Class B membership units, which represented 17.5% of the voting rights of OPC. Other than in respect of customary protective rights, all operational decisions in OPC are decided by the vote of a majority of the membership units. Following the OPC Flip Date, Ormat Nevada's voting rights will increase to 95% and the investor's voting rights will decrease to 5%. Ormat Nevada retains the controlling voting interest in OPC both before and after the OPC Flip Date and therefore consolidates OPC.

On October 30, 2009, Ormat Nevada acquired from Lehman-OPC LLC all of the Class B membership units of OPC held by Lehman-OPC pursuant to a right of first offer for a price of \$18.5 million. A substantial portion of the initial sale of the Class B membership units by Ormat Nevada was accounted for as a financing transaction. As a result, the repurchase of these interests at a discount resulted in a pre-tax gain of \$13.3 million in the year ended December 31, 2009. In addition, an amount of approximately \$1.1 million has been reclassified from noncontrolling interest to additional paid-in capital representing the 1.5% residual interest of Lehman-OPC's Class B membership units.

On February 3, 2011, Ormat Nevada sold to JPM all of the Class B membership units of OPC that it had acquired on October 30, 2010 for a total sale price of \$24.9 million in cash. The Company did not record any gain from the sale of its Class B membership interests in OPC to JPM. A substantial portion of the Class B membership units are accounted for as a financing transaction. As a result, the majority of these proceeds were recorded as a liability. In addition, \$2.3 million has been reclassified from additional paid-in capital to noncontrolling interest representing the 1.5% residual interest of JPM's Class B membership units.

#### ORTP TRANSACTION

In January 2013, Ormat Nevada entered into agreements with JP Morgan ("JPM") under which JPM purchased interests in a newly formed subsidiary of Ormat Nevada, ORTP, LLC ("ORTP"), entitling JPM to certain tax benefits (such as PTCs and accelerated depreciation) associated with certain geothermal power plants in California and Nevada.

Under the terms of the transaction, Ormat Nevada transferred the Heber complex, the Mammoth complex, the Ormesa complex, and the Steamboat 2 and 3, Burdette (Galena 1) and Brady power plants to ORTP, and sold class B membership units in ORTP to JPM. In connection with the closing, JPM paid approximately \$35.7 million to Ormat Nevada and will make additional payments to Ormat Nevada of 25% of the value of PTCs generated by the portfolio over time. The additional payments are expected to be made until December 31, 2016 up to a maximum amount of \$11.0 million of which we received \$2.2 million in the first quarter of 2014.

Ormat Nevada will continue to operate and maintain the power plants. Under the agreements, Ormat Nevada will initially receive all of the distributable cash flow generated by the power plants, while JPM will receive substantially all of PTCs and the taxable income or loss (together, the "Economic Benefits"). JPM's return is limited by the terms of the transaction. Once JPM reaches a target after-tax yield on its investment in ORTP (the "ORTP Flip Date"), Ormat Nevada will receive 97.5% of the distributable cash and 95% of the taxable income, on a going forward basis. At any time during the twelve-month period after the end of the fiscal year in which the ORTP Flip Date occurs (but no earlier than the expiration of five years following the date that the last of the power plants was placed in service for purposes of federal income taxes), Ormat Nevada also has the option to buy out JPM's remaining interest in ORTP at the then-current fair market value. If Ormat Nevada were to exercise this purchase option, it would become the sole owner of the power plants again.

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The Class B membership units entitle the holder to 5.0% (allocation of income and loss) and 2.5% (allocation of cash) residual economic interest in ORTP. The 5.0% and 2.5% residual interest commences on achievement by JPM of a contractually stipulated return that triggers the ORTP Flip Date. The actual ORTP Flip Date is not known with certainty. This residual 5.0% and 2.5% interest represents a noncontrolling interest and is not subject to mandatory redemption or guaranteed payments.

The Company's voting rights in ORTP are based on a capital structure that is comprised of Class A and Class B membership units. Through Ormat Nevada the Company owns all of the Class A membership units, which represent 75% of the voting rights in ORTP. JPM owns all of the Class B membership units, which represent 25% of the voting rights of ORTP. Other than in respect of customary protective rights, all operational decisions in ORTP are decided by the vote of a majority of the membership units. Ormat Nevada retains the controlling voting interest in ORTP both before and after the ORTP Flip Date and therefore will continue to consolidate ORTP.

**NOTE 13 — DISCONTINUED OPERATIONS**

On May 30, 2013, the Company's wholly owned subsidiary, Ormat Holding Corp., sold the Momotombo Power Company ("MPC"), which operates the Momotombo power plant located in Nicaragua, to a third party for \$7,751,000 approximately one year before the scheduled termination of the concession arrangement with the Nicaraguan owner. The Company recorded an after-tax gain on sale of approximately \$3.6 million in June 2013.

In conjunction with the sale, the Company's wholly owned subsidiary and the buyer signed a technical support agreement, whereby the subsidiary will provide technical consulting services, which can be terminated by either party with 60 days advance notice. The Company is of the opinion that the expected continuing cash flows from this agreement are insignificant and that there is no significant continuing involvement by the Company, including its subsidiaries, in the operations of the MPC after the sale. Therefore, the related income from operations prior to the date of the sale and the gain on the sale of the MPC have been included as discontinued operations in the condensed consolidated statements of operations and comprehensive income (loss) for all comparative periods presented.

The summarized financial information related to the discontinued operations is as follows:

|                                                         | <b>Three Months<br/>Ended<br/>March 30,<br/>2013</b><br><b>(Dollars in<br/>thousands)</b> |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Revenues - electricity                                  | \$ 2,804                                                                                  |
| Cost of revenues - electricity                          | 1,849                                                                                     |
| Gross margin                                            | 955                                                                                       |
| Operating expenses:                                     |                                                                                           |
| Selling and marketing expenses                          | 67                                                                                        |
| General and administrative expenses                     | 66                                                                                        |
| Operating income                                        | 827                                                                                       |
| Income from discontinued operations before income taxes | 827                                                                                       |
| Income tax provision                                    | (222)                                                                                     |
| Total income from discontinued operations               | \$ 605                                                                                    |

**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The net assets of the MPC as of May 30, 2013 were as follows:

|                                       | <b>(Dollars in<br/>thousands)</b> |
|---------------------------------------|-----------------------------------|
| Cash and cash equivalents             | \$ 52                             |
| Accounts receivable                   | 2,274                             |
| Prepaid expenses and other            | 167                               |
| Property, plant and equipment         | 3,935                             |
| Accounts payable and accrued expenses | (493)                             |
| Deferred income taxes                 | (442)                             |
| Accrued severance pay                 | (313)                             |
| Other liabilities                     | (590)                             |
| Net assets                            | <u>\$ 4,590</u>                   |

**NOTE 14 — SUBSEQUENT EVENTS**

On April 2, 2014, the Company granted its Chief Executive Officer appointee stock options to purchase up to an aggregate of 400,000 shares of common stock under the 2012 Incentive Plan. The exercise price of each stock option was \$29.52 per share, which represented the fair market value of the Company's common stock on the date of the grant. Of the 400,000 stock options, options to purchase 300,000 shares of common stock will expire six years following the date of grant and will vest in equal annual installments over four years from the grant date, subject to acceleration associated with a change of control. The remaining options to purchase 100,000 shares of common stock will vest on March 31, 2021, subject to acceleration associated with a change of control, and will expire on September 30, 2021.

On May 8, 2014, the Company's Board of Directors declared, approved and authorized payment of a quarterly dividend of \$2.3 million (\$0.05 per share) to all holders of the Company's issued and outstanding shares of common stock on May 21, 2014, payable on May 30, 2014.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Cautionary Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this quarterly report that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our projections of annual revenues, expenses and debt service coverage with respect to our debt securities, future capital expenditures, business strategy, competitive strengths, goals, development or operation of generation assets, market and industry developments and the growth of our business and operations, are forward-looking statements. When used in this quarterly report on Form 10-Q, the words "may", "will", "could", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "projects", "potential", or "contemplate" or the negative of these terms or other comparable terminology are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. The forward-looking statements in this quarterly report are primarily located in the material set forth under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Risk Factors", and "Notes to Condensed Consolidated Financial Statements", but are found in other locations as well. These forward-looking statements generally relate to our plans, objectives and expectations for future operations and are based upon management's current estimates and projections of future results or trends. Although we believe that our plans and objectives reflected in or suggested by these forward-looking statements are reasonable, we may not achieve these plans or objectives. You should read this quarterly report on Form 10-Q completely and with the understanding that actual future results and developments may be materially different from what we expect due to a number of risks and uncertainties, many of which are beyond our control.

Specific factors that might cause actual results to differ from our expectations include, but are not limited to:

- significant considerations, risks and uncertainties discussed in this quarterly report;
- geothermal resource risk (such as the heat content, useful life and geological formation of the reservoir);
- operating risks, including equipment failures and the amounts and timing of revenues and expenses;
- financial market conditions and the results of financing efforts;
- the impact of fluctuations in oil and natural gas prices on the energy price component under certain of our power purchase agreements (PPAs);
- environmental constraints on operations and environmental liabilities arising out of past or present operations, including the risk that we may not have, and in the future may be unable to procure, any necessary permits or other environmental authorizations;
- construction or other project delays or cancellations;
- political, legal, regulatory, governmental, administrative and economic conditions and developments in the United States and other countries in which we operate;
- the enforceability of the long-term PPAs for our power plants;
- contract counterparty risk;
- weather and other natural phenomena including earthquakes, drought and other nature disasters;
- the impact of recent and future federal, state and local regulatory proceedings and changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, public policies and government incentives that support renewable energy and enhance the economic feasibility of our projects at the federal and state level in the United States and elsewhere, and carbon-related legislation;

- changes in environmental and other laws and regulations to which our company is subject, as well as changes in the application of existing laws and regulations;
- current and future litigation;
- our ability to successfully identify, integrate and complete acquisitions;
- competition from other existing geothermal energy projects and new geothermal energy projects developed in the future, and from alternative electricity producing technologies;
- market or business conditions and fluctuations in demand for energy or capacity in the markets in which we operate;
- the direct or indirect impact on our company's business resulting from various forms of hostilities such as the threat or occurrence of terrorist incidents or cyber-attacks or responses to such threatened or actual incidents or attacks, including the effect on the availability of and premiums on insurance;
- development and construction of the solar photovoltaic (Solar PV) projects, if any, may not materialize as planned;
- the effect of and changes in current and future land use and zoning regulations, residential, commercial and industrial development and urbanization in the areas in which we operate;
- the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2013 and any update contained herein and other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission; and
- other uncertainties which are difficult to predict or beyond our control and the risk that we may incorrectly analyze these risks and forces or that the strategies we develop to address them may be unsuccessful.

Investors are cautioned that these forward-looking statements are inherently uncertain. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein. Other than as required by law we undertake no obligation to update forward-looking statements even though our situation may change in the future. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and related notes included elsewhere in this report and the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2013 and any updates contained herein as well as those set forth in our reports and other filings made with the SEC.

## **General**

### ***Overview***

We are a leading vertically integrated company engaged primarily in the geothermal and recovered energy power business. We design, develop, build, sell, own, and operate clean, environmentally friendly geothermal and recovered energy-based power plants, in most cases using equipment that we design and manufacture.

Our geothermal power plants include both power plants that we have built and power plants that we have acquired, while all of our recovered energy-based plants have been constructed by us. We conduct our business activities in two business segments:

- The Electricity Segment — in this segment, we develop, build, own and operate geothermal and recovered energy-based power plants in the United States and geothermal power plants in other countries around the world, and sell the electricity they generate; and

- The Product Segment — in this segment we design, manufacture and sell equipment for geothermal and recovered energy-based electricity generation, remote power units and other power generating units and provide services relating to the engineering, procurement, construction, operation and maintenance of geothermal and recovered energy-based power plants.

Both our Electricity Segment and Product Segment operations are conducted in the United States and throughout the world. Our current generating portfolio includes geothermal plants in the United States, Guatemala and Kenya, as well as recovered energy generation plants in the United States.

For the three months ended March 31, 2014, our total revenues increased by 19.8% (from \$118.9 million to \$142.4 million) over the corresponding period in 2013.

For the three months ended March 31, 2014, Electricity Segment revenues were \$94.8 million, compared to \$68.3 million for the three months ended March 31, 2013, an increase of 38.8%, while Product Segment revenues for the three months ended March 31, 2014 were \$47.6 million, compared to \$50.6 million during the three months ended March 31, 2013, a decrease of 5.9%.

During the three months ended March 31, 2014 and 2013, our consolidated power plants generated 1,201,141 megawatt hours (MWh) and 1,040,044 MWh, respectively, an increase of 15.5%, with the majority due to new power plants that came on line in the past year.

For the three months ended March 31, 2014, our Electricity Segment represented approximately 66.6% of our total revenues, while our Product Segment represented approximately 33.4% of our total revenues. For the three months ended March 31, 2013, our Electricity Segment represented approximately 57.4% of our total revenues, while our Product Segment represented approximately 42.6% of our total revenues.

For the three months ended March 31, 2014, approximately 72.3% of our Electricity Segment revenues were derived from PPAs with fixed energy rates which are not affected by fluctuations in energy commodity prices. We have variable price PPAs in California and Hawaii, which provide for payments based on the local utilities' avoided cost, which is the incremental cost that the power purchaser avoids by not having to generate such electrical energy itself or purchase it from others, as follows:

- The energy rates under the PPAs in California for each of the Ormesa complex, the Heber 1 and Heber 2 power plants in the Heber complex and the G2 power plant in the Mammoth complex (the California SO#4 PPAs) change based primarily on fluctuations in natural gas prices; and
- The prices paid for the electricity pursuant to the 25 MW PPA for the Puna complex in Hawaii change primarily due to variations in the price of oil.

We have reduced our exposure to fluctuations in the price of oil until December 31, 2014 and in the price of natural gas until March 31, 2015, by entering into derivatives transactions. In the first quarter of 2014, we recorded a \$2.4 million loss in electricity revenues related to these transactions.

To comply with obligations under their respective PPAs, certain of our project subsidiaries are structured as special purpose, bankruptcy remote entities and their assets and liabilities are ring-fenced, and such assets are not generally available to pay our debt (other than debt at the respective project subsidiary level). However, these project subsidiaries are allowed to pay dividends and make distributions to us of all available and unrestricted cash flows generated by their assets.

Electricity Segment revenues are also subject to seasonal variations and can be affected by higher-than-average ambient temperatures, as described below under "Seasonality". In addition, the revenues we report in our financial statements may show more variation due to our increased use of derivatives in connection with our variable price PPAs and the accounting principles associated with our use of those derivatives.

Revenues attributable to our Product Segment are based on the sale of equipment and the provision of various services to our customers. These revenues may vary from period to period because of the timing of our receipt of purchase orders and the progress of our execution of each project.

Our management assesses the performance of our two segments of operation differently. In the case of our Electricity Segment, when making decisions about potential acquisitions or the development of new projects, we typically focus on the internal rate of return of the relevant investment, technical and geological matters and other business considerations. We evaluate our operating power plants based on revenues and expenses, and our projects that are under development based on costs attributable to each such project. We evaluate the performance of our Product Segment based on revenues and expenses and costs actually incurred to complete customer orders compared to the costs originally budgeted for such orders and on the timely delivery of our products, performance quality of our products.

### ***Recent Developments***

The most significant developments in our company and business since January 1, 2014 are described below:

- On March 28, 2014, we announced that members of the Sarulla Consortium of which Ormat (through our subsidiary, Ormat International, Inc.) is a 12.75% equity stake member, signed project financing agreements in the aggregate amount of \$1.17 billion to finance the development and construction of the 330-megawatt (MW) Sarulla geothermal project in Tapanuli Utara, North Sumatra in Indonesia. Closing is expected in the second quarter of 2014 subject to fulfillment of certain conditions. These financing agreements were signed with the Japan Bank for International Cooperation (JIBC), the Asian Development Bank and six commercial banks. The Sarulla project will obtain construction and term loans under a limited recourse financing package backed by political risk guarantees from JBIC.  
Upon closing, the consortium is expected to begin full scope construction with the first phase of operations expected to commence in 2016. The remaining two phases of operations are scheduled to commence within 18 months thereafter. We will supply our Ormat Energy Converters to the power plant and will add the \$254.0 million supply contract to our Product Segment backlog once the Notice to Proceed is issued upon closing of the financing. According to the current project plan we expect to recognize revenue from the project over the course of the next three to four years starting in the third quarter of 2014.
- On March 26, 2014, we signed an agreement with RET Holdings, LLC to sell the Heber Solar project in Imperial County, California for \$35.25 million. We received the first payment of \$15.0 million with the remainder expected to be paid in the second quarter of 2014, subject to fulfillment of certain conditions subsequent. Due to certain contingencies in the sale agreement, the Company deferred the pre-tax gain of approximately \$7.5 million until resolution of such contingencies (which is expected in the second quarter of 2014).
- On February 11, 2014, our Board of Directors appointed Mr. Isaac Angel as CEO. Mr. Angel joined Ormat on April 1, 2014 and will assume the CEO position effective July 1, 2014. He will succeed Mrs. Yehudit (Dita) Bronicki, who announced her retirement in November 2013. Mrs. Bronicki will continue to serve as a Director of Ormat in a non-executive capacity. We further announced that Mr. Gillon Beck will step down from his position of Chairman of the Board of Directors of the company effective June 30, 2014 and the Board of Directors has elected and appointed Mr. Yoram Bronicki as the succeeding Chairman, with such appointment being also effective June 30, 2014. Mr. Beck will continue to serve as a director of the company after he steps down from his position as Chairman. Upon assuming the position of the Chairman of the board, Mr. Yoram Bronicki will relinquish his position as President and Chief Operating Officer of the company.
- On February 4, 2014, we announced that we successfully completed construction and reached commercial operation of Plant 3 in the Olkaria III geothermal power plant complex in Kenya, almost three months ahead of schedule. With Plant 3 online, the complex's total generation capacity has increased to 110 MW. The power generated by the Olkaria III complex is sold under a 20-year PPA with KPLC. On November 25, 2013, we announced that we drew down the remaining \$45.0 million comprising Tranche III of the previously announced \$310 million project finance facility with OPIC.
- On January 23, 2014, we announced that we successfully completed the scope of work needed to bring the Mammoth G1 geothermal power plant in Mono County, California to full capacity. The 6 MW plant reached commercial operation under the new PPA with Pacific, Gas and Electric (PG&E) that allows for hourly energy deliveries of up to 7.5 MW and, as of December 26, 2013, it received the full commercial rate defined in the PPA.



- On January 22, 2014, we announced that our wholly owned subsidiary signed an amendment to the PPA with INDE for the Zunil geothermal power plant in Guatemala, which extends the term of the PPA from 2019 to 2034. The amendment also transfers operation and management responsibilities of the Zunil geothermal field from INDE to Ormat for the term of the amended PPA in exchange for a tariff increase. Additionally, INDE exercised its right under the PPA to become a partner in the Zunil power plant and to acquire a three percent equity interest therein.
- On January 6, 2014, we announced that we completed the construction of the Don A. Campbell geothermal power plant in Mineral County, Nevada. The plant is currently producing at full generating capacity of 16 MW and performing as expected. The Don A. Campbell facility, formerly Wild Rose, receives a full rate of \$99.0 per MWh with no annual escalation under the terms of the PPA, signed in April 2013, with Southern California Public Power Authority (SCPPA). SCPPA resells the power from the Don A. Campbell geothermal power plant to the Los Angeles Department of Water and Power (LADWP) and Burbank Water and Power through NV Energy Inc.'s transmission system.

### ***Trends and Uncertainties***

The geothermal industry in the United States has historically experienced significant growth followed by a consolidation of owners and operators of geothermal power plants. During the 1990s, growth and development in the geothermal industry occurred primarily in foreign markets and only minimal growth and development occurred in the United States. Since 2001, there has been increased demand for energy generated from geothermal resources in the United States as costs for electricity generated from geothermal resources have become more competitive recently, much of this is attributable to legislative and regulatory requirements and incentives, such as state renewable portfolio standards and federal tax credits. The American Recovery and Reinvestment Act of 2009 (ARRA) further encourages the use of geothermal energy through production tax credits (PTCs) or investment tax credits (ITCs) as well as cash grants (which are discussed in more detail in the section entitled "Government Grants and Tax Benefits" below). In response, the geothermal industry in the United States has seen a wave of new entrants and, over the last several years, consolidation involving smaller developers. We believe that the future demand for energy generated from geothermal and other renewable resources in the United States will be driven by further commitment and implementation of renewable portfolio standards as well as the introduction of additional tax incentives. The trends that from time to time impact our operations are subject to market cycles.

Although other trends, factors and uncertainties may impact our operations and financial condition, including many that we do not or cannot foresee, we believe that our results of operations and financial condition for the foreseeable future will be primarily affected by the following trends, factors and uncertainties:

- We expect to continue to generate the majority of our revenues from our Electricity Segment through the sale of electricity from our power plants. All of our current revenues from the sale of electricity are derived from payments under long-term PPAs related to fully-contracted power plants. We also intend to continue to pursue opportunities, as they arise in our recovered energy business and in the Solar PV sector.
- Our focus continues to be organic growth through exploration, development, construction of new projects and enhancements of existing power plants along with increasing operational efficiency of our operating portfolio. We expect that our investment in organic growth will increase our total generating capacity, consolidated revenues and operating income attributable to our Electricity Segment from year to year. In addition, we routinely look at acquisition opportunities.
- The continued awareness of climate change may result in significant changes in the business and regulatory environments, which may create business opportunities for us. In 2011, the first phase of the Environmental Protection Agency (EPA) "Tailoring Rule" took effect. The Tailoring Rule sets thresholds addressing the applicability of the permitting requirements under the Clean Air Act's Prevention of Significant Deterioration and Title V programs to certain major sources of GHG emissions. Federal legislation or additional federal regulations addressing climate change are possible. In June 2013 President Barack Obama announced a new national climate action plan, directing the EPA to complete new carbon dioxide pollution standards for both new and existing power plants. In addition, several states and regions are already addressing legislation to reduce GHG emissions. For example, California's state climate change law, AB 32, which was signed into law in September 2006, regulates most sources of GHG emissions and aims to reduce GHG emissions to 1990 levels by 2020. On October 20, 2011 the CARB adopted cap-and-trade regulations to reduce California's greenhouse gas emissions under AB 32. In addition to California, twenty U.S. states have set GHG emissions reduction targets and two states have reduction goals. Regional initiatives, such as the Western Climate Initiative (which includes California and four Canadian provinces) and the Midwest GHG Reduction Accord (which includes six U.S. states and one Canadian province), are also being developed to reduce GHG emissions and develop trading systems for renewable energy credits. In the United States, approximately 40 states have adopted RPS, renewable portfolio goals, or similar laws requiring or encouraging electric utilities in such states to generate or buy a certain percentage of their electricity from renewable energy sources or recovered heat sources. On April 12, 2011, the California Senate Bill X1-2 (SBX1-2) was signed into law, and increased California's RPS to 33% by December 31, 2020 and instituted a tradable REC program. SBX1-2 is expected to foster a liquid tradable REC market and lead to more creative off-take arrangements. Although we cannot predict at this time whether the tradable REC program under SBX1-2 and its implementing regulations will have a significant impact on our operations or revenue, it may facilitate additional options when negotiating PPAs and selling electricity from our projects.

In June 2013, the Nevada state legislature passed three bills that were signed by Nevada's Governor and are expected to support renewable energy development in the state. Senate Bill (SB) No. 123 calls for the retirement or elimination of not less than 800 MW of coal-fired electric generating capacity on or before December 31, 2019 and the construction or acquisition of, or contracting for, 350 MW of electric generating capacity from renewable energy facilities. Senate Bill 252 revises provisions relating to the renewable portfolio standard by removing energy efficiency, solar multipliers, and station usage from generating portfolio energy credits. Finally, Assembly Bill (AB) No. 239 Revised Statutes 701A.340 defines geothermal energy as renewable energy for purposes of tax abatements and makes geothermal projects eligible for partial sales and property tax abatements, with property tax abatements for a period of twenty years and local sales and use tax abatements for three years.

- For projects outside of the United States, in November 2012 the U.S., Brunei, and Indonesia formed the Asia-Pacific comprehensive partnership and President Obama announced the allocation of \$6.0 billion for green energy development in Asia. Also, on June 30, 2013, President Obama announced the "Power Africa" initiative pursuant to which the United States will invest \$7.0 billion in Sub-Saharan Africa over the following five years, with the aim of doubling access to power. The Sub-Sahara Africa includes three countries (Ethiopia, Kenya and Tanzania) that have large geothermal potential as well as operating geothermal power plants. We accelerated our efforts to expand business development activities in those areas by, among other things, participating in new applicable bids. In addition, we expect that a variety of governmental initiatives will create new opportunities for the development of new projects, as well as create additional markets for our products. These initiatives include the award of long-term contracts to independent power generators, the creation of competitive wholesale markets for selling and trading energy, capacity and related energy products and the adoption of programs designed to encourage "clean" renewable and sustainable energy sources.
- In the Electricity Segment, we expect competition from the wind and solar power generation industry to continue. While we believe the expected demand for renewable energy will be large enough to accommodate increased competition, any such increase and the amount of renewable energy under contract may contribute to a reduction in electricity prices. Despite increased competition from the wind and solar power generation industry, we believe that base load electricity, such as geothermal-based energy, will continue to be an important source of renewable energy in areas with commercially viable geothermal resource. Also, geothermal power plants positively impact electrical grid stability and provide valuable ancillary services because of their base load nature while the intermittent renewables create integration costs. The reduced level of competition has contributed to a decrease in lease costs.
- In the Product Segment, we expect increased competition from binary power plant equipment suppliers including the major steam turbine manufacturers. While we believe that we have a distinct competitive advantage based on our accumulated experience and current worldwide share of installed binary generation capacity, an increase in competition may impact our ability to secure new purchase orders from potential customers. The increased competition may also lead to a reduction in the prices that we are able to charge for our binary equipment, which in turn may impact our profitability.
- The changing natural gas landscape, the resulting effect on natural gas pricing (in either direction) and the corresponding implications for electric utilities and other producers of electricity in terms of planning for and choosing a source of fuel, will affect the pricing under our PPAs that have short run avoided cost (SRAC) pricing, as described below.

- The 38 MW Puna complex has three PPAs, of which the 25 MW PPA has a monthly variable energy rate based on the local utility's avoided costs. A change in the price of oil will result in a change in the incremental cost that the power purchaser avoids by not generating its electrical energy needs from oil, which will result in a reduction of the energy rate that we may charge under this PPA. In order to reduce our exposure to oil price we recently signed a fixed rate PPAs for the rest of the complex and we are currently negotiating a fixed price for the 25 MW PPA as well. In the meantime, we have entered into put and swap contracts to reduce our exposure to fluctuations in the energy rate caused by fluctuations in oil prices through December 31, 2014. Our use of derivative instruments for this purpose has increased, and likely will continue to be used to manage volatility in revenues, net profit and certain other line items in our financial statements.
- We had PPAs for the Ormesa Mammoth and Heber complexes for a total of 161 MW that were fixed until May 1, 2012. Thereafter, the energy price component under these PPAs changed from a fixed rate to a variable rate based on SRAC pricing that is impacted by fluctuations in natural gas prices. In 2013, we signed new fixed rate PPAs that reduced our current exposure to SRAC by 18 MW and by additional 44 MW in 2016. We have entered into derivative transactions at a fixed price of \$4.07 per MMBtu for the year 2014 to reduce further our exposure to fluctuations in natural gas prices through December 31, 2014 and \$4.95 per MMBtu for the period from January 1, 2015 until March 31, 2015. Our use of derivative instruments for this purpose has increased, and likely will continue to be used to manage volatility in revenues, net profit and certain other line items in our financial statements.
- The viability of a geothermal resource depends on various factors such as the resource temperature, the permeability of the resource (i.e., the ability to get geothermal fluids to the surface) and operational factors relating to the extraction and injection of the geothermal fluids. Such factors, together with the possibility that we may fail to find commercially viable geothermal resources in the future, represent significant uncertainties that we face in connection with our growth expectations.
- As our power plants (including their respective well fields) age, they may require increased maintenance with a resulting decrease in their availability, potentially leading to the imposition of penalties if we are not able to meet the requirements under our PPAs as a result of any decrease in availability.
- Our foreign operations are subject to significant political, economic and financial risks, which vary by country. As of the date of this report, those risks include the partial privatization of the electricity sector in Guatemala and the political uncertainty currently prevailing in some of the countries in which we operate. Although we maintain political risk insurance for most of our investments in foreign power plants to mitigate these risks, insurance does not provide complete coverage with respect to all such risks.
- FERC is allowed under PURPA to terminate, upon the request of a utility, the obligation of electric utilities to purchase the output of a Qualifying Facility if FERC finds that there is an accessible competitive market for energy and capacity from the Qualifying Facility. The legislation does not affect existing PPAs. We do not expect this change in law to affect our U.S. power plants significantly, as all of our current PPAs are long-term. FERC has granted the California investor-owned utilities a waiver of the mandatory purchase obligations from Qualifying Facilities above 20 MW. If the utilities in the regions in which our domestic power plants operate were to be relieved of the mandatory purchase obligation, they would not be required to purchase energy from us upon termination of the existing PPA, which could have an adverse effect on our revenues.

## Revenues

We generate our revenues from the sale of electricity from our geothermal and recovered energy-based power plants; the design, manufacture and sale of equipment for electricity generation; and the construction, installation and engineering of power plant equipment.

Revenues attributable to our Electricity Segment are derived from the sale of electricity from our power plants pursuant to long-term PPAs. While approximately 72.3% of our Electricity revenues for the three months ended March 31, 2014 were derived from PPAs with fixed price components, we have variable price PPAs in California and Hawaii. Our 143MW California SO#4 PPAs are subject to the impact of fluctuations in natural gas prices whereas the prices paid for electricity pursuant to the 25 MW PPA for the Puna complex in Hawaii are impacted by the price of oil. Accordingly, our revenues from those power plants may fluctuate. In 2013 and 2014, we entered into derivative transactions in an attempt to reduce our exposure to fluctuations in the prices of oil from Puna's PPAs until December 31, 2014 and natural gas and from the California SO#4 PPAs until March 31, 2015.

Our Electricity Segment revenues are also subject to seasonal variations, as more fully described in “Seasonality” below.

Our PPAs generally provide for energy payments alone, or energy and capacity payments. Generally, capacity payments are payments calculated based on the amount of time that our power plants are available to generate electricity. Some of our PPAs provide for bonus payments in the event that we are able to exceed certain target capacity levels and the potential forfeiture of payments if we fail to meet certain minimum target capacity levels. Energy payments, on the other hand, are payments calculated based on the amount of electrical energy delivered to the relevant power purchaser at a designated delivery point. The rates applicable to such payments are either fixed (subject, in certain cases, to certain adjustments) or are based on the relevant power purchaser’s avoided costs. Our more recent PPAs generally provide for energy payments alone with an obligation to compensate the off-taker for its incremental costs as a result of shortfalls in our supply.

Revenues attributable to our Product Segment fluctuate between periods, mainly based on our ability to receive customer orders and the status and timing of such orders. Larger customer orders for our products are typically the result of our participating in, and winning, tenders or requests for proposals issued by potential customers in connection with projects they are developing. Such projects often take a significant amount of time to design and develop and are subject to various contingencies, such as the customer’s ability to raise the necessary financing for a project. Consequently, we are generally unable to predict the timing of such orders for our products and may not be able to replace existing orders that we have completed with new ones. As a result, revenues from our Product Segment fluctuate (sometimes extensively) from period to period.

The following table sets forth a breakdown of our revenues for the periods indicated:

|                  | <b>Revenues (dollars in thousands)</b> |                   | <b>% of Revenues for Period Indicated</b> |               |
|------------------|----------------------------------------|-------------------|-------------------------------------------|---------------|
|                  | <b>Three Months Ended March 31,</b>    |                   | <b>Three Months Ended March 31,</b>       |               |
|                  | <b>2014</b>                            | <b>2013</b>       | <b>2014</b>                               | <b>2013</b>   |
| <b>Revenues:</b> |                                        |                   |                                           |               |
| Electricity      | \$ 94,817                              | \$ 68,298         | 66.6%                                     | 57.4%         |
| Product          | 47,619                                 | 50,608            | 33.4                                      | 42.6          |
| Total            | <u>\$ 142,436</u>                      | <u>\$ 118,906</u> | <u>100.0%</u>                             | <u>100.0%</u> |

The following table sets forth the geographic breakdown of the revenues attributable to our Electricity and Product Segments for the periods indicated:

|                             | <b>Revenues (dollars in thousands)</b> |                  | <b>% of Revenues for Period Indicated</b> |               |
|-----------------------------|----------------------------------------|------------------|-------------------------------------------|---------------|
|                             | <b>Three Months Ended March 31,</b>    |                  | <b>Three Months Ended March 31,</b>       |               |
|                             | <b>2014</b>                            | <b>2013</b>      | <b>2014</b>                               | <b>2013</b>   |
| <b>Electricity Segment:</b> |                                        |                  |                                           |               |
| United States               | \$ 67,222                              | \$ 52,068        | 70.9%                                     | 76.2%         |
| Foreign                     | 27,595                                 | 16,230           | 29.1                                      | 23.8          |
| Total                       | <u>\$ 94,817</u>                       | <u>\$ 68,298</u> | <u>100.0%</u>                             | <u>100.0%</u> |
| <b>Product Segment:</b>     |                                        |                  |                                           |               |
| United States               | \$ 16,892                              | \$ 14,433        | 35.5%                                     | 28.5%         |
| Foreign                     | 30,727                                 | 36,175           | 64.5                                      | 71.5          |
| Total                       | <u>\$ 47,619</u>                       | <u>\$ 50,608</u> | <u>100.0%</u>                             | <u>100.0%</u> |

### **Seasonality**

The prices paid for the electricity generated by some of our domestic power plants pursuant to our PPAs are subject to seasonal variations. The prices (mainly for capacity) paid for electricity under the PPAs with Southern California Edison and Pacific Gas & Electric in California for the Heber 1 and 2 power plants in the Heber complex, the Mammoth complex, the Ormesa complex, and the North Brawley power plant are higher in the months of June through September. As a result, we receive, and expect to continue to receive in the future, higher revenues during such months. In the winter, our power plants produce more energy principally due to the lower ambient temperature, which has a favorable impact on our energy revenues. However, the higher payments payable by Southern California Edison and Pacific Gas & Electric Company in the summer months have a more significant impact on our revenues than that of the higher energy revenues generally generated in winter due to increased efficiency. As a result, our electricity revenues are generally higher in the summer than in the winter.

## **Breakdown of Cost of Revenues**

### *Electricity Segment*

The principal cost of revenues attributable to our operating power plants includes operation and maintenance expenses comprised of salaries and related employee benefits, equipment expenses, costs of parts and chemicals, costs related to third-party services, lease expenses, royalties, startup and auxiliary electricity purchases, property taxes, insurance and, for some of our projects, purchases of make-up water for use in our cooling towers and also depreciation and amortization. In our California power plants, our principal cost of revenues also includes transmission charges and scheduling charges. Some of these expenses, such as parts, third-party services and major maintenance, are not incurred on a regular basis. This results in fluctuations in our expenses and our results of operations for individual power plants from quarter to quarter. Payments made to government agencies and private entities on account of site leases where plants are located are included in cost of revenues. Royalty payments, included in cost of revenues, are made as compensation for the right to use certain geothermal resources and are paid as a percentage of the revenues derived from the associated geothermal rights. Royalties constituted approximately 4.6% and 4.0% of Electricity Segment revenues for the three months ended March 31, 2014 and March 31, 2013, respectively.

### *Product Segment*

The principal cost of revenues attributable to our Product Segment includes materials, salaries and related employee benefits, expenses related to subcontracting activities, and transportation expenses. Sales commissions to sales representatives are included in selling and marketing expenses. Some of the principal expenses attributable to our Product Segment, such as a portion of the costs related to labor, utilities and other support services are fixed, while others, such as materials, construction, transportation and sales commissions, are variable and may fluctuate significantly, depending on market conditions. As a result, the cost of revenues attributable to our Product Segment, expressed as a percentage of total revenues, fluctuates. Another reason for such fluctuation is that in responding to bids for our products, we price our products and services in relation to existing competition and other prevailing market conditions, which may vary substantially from order to order.

### **Cash, Cash Equivalents, Marketable Securities and Short-Term Bank Deposit**

Our cash and cash equivalents, as of March 31, 2014 decreased to \$47.9 million from \$57.4 million as of December 31, 2013. This decrease was principally due to: (i) our use of \$48.3 million to fund capital expenditures; (ii) a net change in restricted cash, cash equivalents and marketable securities of \$23.3 million; (iii) net repayment of \$14.8 million from borrowers under our revolving credit lines with commercial banks; (iv) \$12.9 million of cash used to repurchase Ormat Funding LLC (OFC) Senior Secured Notes; (v) repayment of \$10.5 million of long-term debt; and (vi) \$2.7 million cash dividend paid. This decrease was partially offset by: (i) \$68.1 million derived from operating activities during the three months ended March 31, 2014; (ii) cash grant of \$21.8 million received from the U.S. Treasury under Section 1603 of the ARRA in the third quarter of 2013 relating to our Don A. Campbell geothermal power plant; and (iii) \$15.0 million cash received as part of the Herber Solar sale transaction. Our corporate borrowing capacity under committed lines of credit with different commercial banks as of March 31, 2014 was \$522.6 million, as described below in “Liquidity and Capital Resources”, of which we have utilized \$314.5 million (including \$214.9 million of letters of credit) as of March 31 2014.

### **Critical Accounting Estimates and Assumptions**

A comprehensive discussion of our critical accounting estimates and assumptions is included in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in our annual report on Form 10-K for the year ended December 31, 2013.

## New Accounting Pronouncements

See Note 2 to our condensed consolidated financial statements set forth in Item 1 of this quarterly report for information regarding new accounting pronouncements.

## Results of Operations

Our historical operating results in dollars and as a percentage of total revenues are presented below. A comparison of the different periods described below may be of limited utility primarily as a result of (i) our recent construction or disposition of new power plants and enhancement of acquired power plants; and (ii) fluctuation in revenues from our Product Segment.

|                                                                                                                                | Three Months Ended March 31,                  |            |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------|
|                                                                                                                                | 2014                                          | 2013       |
|                                                                                                                                | As revised                                    |            |
|                                                                                                                                | (Dollars in thousands, except per share data) |            |
| Statements of Operations Historical Data:                                                                                      |                                               |            |
| Revenues:                                                                                                                      |                                               |            |
| Electricity                                                                                                                    | \$ 94,817                                     | \$ 68,298  |
| Product                                                                                                                        | 47,619                                        | 50,608     |
|                                                                                                                                | 142,436                                       | 118,906    |
| Cost of revenues:                                                                                                              |                                               |            |
| Electricity                                                                                                                    | 57,034                                        | 55,088     |
| Product                                                                                                                        | 31,943                                        | 37,041     |
|                                                                                                                                | 88,977                                        | 92,129     |
| Gross margin:                                                                                                                  |                                               |            |
| Electricity                                                                                                                    | 37,783                                        | 13,210     |
| Product                                                                                                                        | 15,676                                        | 13,567     |
|                                                                                                                                | 53,459                                        | 26,777     |
| Operating expenses:                                                                                                            |                                               |            |
| Research and development expenses, net                                                                                         | (87)                                          | 1,000      |
| Selling and marketing expenses                                                                                                 | 3,379                                         | 11,509     |
| General and administrative expenses                                                                                            | 7,596                                         | 6,584      |
| Write-off of unsuccessful exploration activities                                                                               | —                                             | —          |
| Operating income                                                                                                               | 42,571                                        | 7,684      |
| Other income (expense):                                                                                                        |                                               |            |
| Interest income                                                                                                                | 111                                           | 41         |
| Interest expense, net                                                                                                          | (20,518)                                      | (15,863)   |
| Foreign currency translation and transaction gains (losses)                                                                    | (638)                                         | 1,682      |
| Income attributable to sale of tax benefits                                                                                    | 6,717                                         | 3,532      |
| Other non-operating expense, net                                                                                               | 63                                            | 1,417      |
| Income (loss), before income taxes and equity in losses of investees                                                           | 28,306                                        | (1,507)    |
| Income tax provision                                                                                                           | (6,320)                                       | (4,047)    |
| Equity in losses of investees                                                                                                  | (197)                                         | —          |
| Income from continuing operations                                                                                              | 21,789                                        | (5,554)    |
| Discontinued operations:                                                                                                       |                                               |            |
| Income from discontinued operations                                                                                            | —                                             | 827        |
| Income tax provision                                                                                                           | —                                             | (222)      |
| Total income from discontinued operations                                                                                      | —                                             | 605        |
| Net income (loss)                                                                                                              | 21,789                                        | (4,949)    |
| Net income attributable to noncontrolling interest                                                                             | (237)                                         | (85)       |
| Net income (loss) attributable to the Company's stockholders                                                                   | \$ 21,552                                     | \$ (5,034) |
| Earnings (loss) per share attributable to the Company's stockholders - basic and diluted:                                      |                                               |            |
| Income (loss) from continuing operations:                                                                                      | \$ 0.47                                       | \$ (0.12)  |
| Discontinued operations:                                                                                                       | —                                             | 0.01       |
| Net income (loss)                                                                                                              | \$ 0.47                                       | \$ (0.11)  |
| Weighted average number of shares used in computation of earnings (loss) per share attributable to the Company's stockholders: |                                               |            |
| Basic                                                                                                                          | 45,479                                        | 45,431     |
| Diluted                                                                                                                        | 45,660                                        | 45,431     |

|                                                                      | <b>Three Months Ended March 31,</b> |                   |
|----------------------------------------------------------------------|-------------------------------------|-------------------|
|                                                                      | <b>2014</b>                         | <b>2013</b>       |
|                                                                      |                                     | <b>As revised</b> |
| <b>Statements of Operations Percentage Data:</b>                     |                                     |                   |
| <b>Revenues:</b>                                                     |                                     |                   |
| Electricity                                                          | 66.6%                               | 57.4%             |
| Product                                                              | 33.4                                | 42.6              |
|                                                                      | <u>100.0</u>                        | <u>100.0</u>      |
| <b>Cost of revenues:</b>                                             |                                     |                   |
| Electricity                                                          | 60.2                                | 80.7              |
| Product                                                              | 67.1                                | 73.2              |
|                                                                      | <u>62.5</u>                         | <u>77.5</u>       |
| <b>Gross margin:</b>                                                 |                                     |                   |
| Electricity                                                          | 39.8                                | 19.3              |
| Product                                                              | 32.9                                | 26.8              |
|                                                                      | <u>37.5</u>                         | <u>22.5</u>       |
| <b>Operating expenses:</b>                                           |                                     |                   |
| Research and development expenses, net                               | (0.1)                               | 0.8               |
| Selling and marketing expenses                                       | 2.4                                 | 9.7               |
| General and administrative expenses                                  | 5.3                                 | 5.5               |
| Operating income                                                     | 29.9                                | 6.5               |
| <b>Other income (expense):</b>                                       |                                     |                   |
| Interest income                                                      | 0.1                                 | 0.0               |
| Interest expense, net                                                | (14.4)                              | (13.3)            |
| Foreign currency translation and transaction gains (losses)          | (0.4)                               | 1.4               |
| Income attributable to sale of tax benefits                          | 4.7                                 | 3.0               |
| Other non-operating expense, net                                     | 0.0                                 | 1.2               |
| Income (loss), before income taxes and equity in losses of investees | 19.9                                | (1.3)             |
| Income tax provision                                                 | (4.4)                               | (3.4)             |
| Equity in losses of investees                                        | (0.1)                               | 0.0               |
| Income from continuing operations                                    | 15.3                                | (4.7)             |
| <b>Discontinued operations:</b>                                      |                                     |                   |
| Income from discontinued operations                                  | 0.0                                 | 0.7               |
| Income tax provision                                                 | 0.0                                 | (0.2)             |
| Total income from discontinued operations                            | 0.0                                 | 0.5               |
| Net income (loss)                                                    | 15.3                                | (4.2)             |
| Net income attributable to noncontrolling interest                   | (0.2)                               | (0.1)             |
| Net income (loss) attributable to the Company's stockholders         | <u>15.1%</u>                        | <u>(4.3) %</u>    |

**Comparison of the Three Months Ended March 31, 2014 and the Three Months Ended March 31, 2013**

**Total Revenues**

Total revenues for the three months ended March 31, 2014 were \$142.4 million, compared to \$118.9 million for the three months ended March 31, 2013, which represented a 19.8% increase. This increase was attributable to our Electricity Segment, in which revenues increased by 38.8% compared to the corresponding period in 2013. The increase was partially offset by a decrease of 5.9% in revenues from our Product Segment over the corresponding period in 2013.

### *Electricity Segment*

Revenues attributable to our Electricity Segment for the three months ended March 31, 2014 were \$94.8 million, compared to \$68.3 million for the three months ended March 31, 2013, which represented a 38.8% increase in such revenues. This increase was primarily due to: (i) the commencement of operations of our Plant 2 and 3 at the Olkaria III complex in Kenya, which commenced commercial operation in May 2013 and January 2014, respectively, and our Don A. Campbell power plant in Nevada, which commenced commercial operation in December 2013; (ii) higher energy rates under the SO#4 contracts; and (iii) a reduction in net loss on derivative contracts on oil and natural gas prices from \$4.6 million in the first quarter of 2013 to \$2.4 million in the corresponding period in 2014.

Power generation in our power plants increased by 15.5% from 1,040,275 MWh in the three months ended March 31, 2013 to 1,201,141 MWh in the three months ended March 31, 2014 mainly due to the commercial operation of Plants 2 and 3 in the Olkaria III complex and the Don A Campbell power plant.

### *Product Segment*

Revenues attributable to our Product Segment for the three months ended March 31, 2014 were \$47.6 million, compared to \$50.6 million for the three months ended March 31, 2013, which represented a 5.9% decrease. The decrease in our Product Segment revenues was primarily due to the decrease in new customer orders and timing of revenue recognition.

### ***Total Cost of Revenues***

Total cost of revenues for the three months ended March 31, 2014 was \$89.0 million, compared to \$92.1 million for the three months ended March 31, 2013. As a percentage of total revenues, our total cost of revenues for the three months ended March 31, 2014, decreased to 62.5%, from 77.5% for the three months ended March 31, 2013. This decrease was attributable primarily to a decrease in cost of revenues in our Product Segment, as further explained below.

### *Electricity Segment*

Total cost of revenues attributable to our Electricity Segment for the three months ended March 31, 2014 was \$57.0 million, compared to \$55.1 million, for the three months ended March 31, 2013. This increase was primarily due to additional cost of revenues from the new power plants that commenced commercial operation in 2013 and 2014, as discussed above. The increase in our electricity cost of revenues was offset by lower maintenance costs in most of our power plants are partially due to efficiency and partially to timing. As a percentage of total electricity revenues, our total cost of revenues attributable to our Electricity Segment for the three months ended March 31, 2014, was 60.2% compared to 80.7%, for the three months ended March 31, 2013. This decrease was mainly due to the increase in Electricity revenues, as discussed above.

### *Product Segment*

Total cost of revenues attributable to our Product Segment for the three months ended March 31, 2014 was \$31.9 million, compared to \$37.0 million, for the three months ended March 31, 2013, which represented a 13.8% decrease. This decrease was primarily due to the decrease in Product Segment revenues, as discussed above. As a percentage of total Product Segment revenues, our total cost of revenues attributable to our Product Segment for the three months ended March 31, 2014, decreased to 67.1% from 73.2%, for the three months ended March 31, 2013.

### ***Research and Development Expenses, net***

Research and development expenses excluding grants from the U.S. Department of Energy were \$0.4 million for the three months ended March 31, 2014 compared to \$1.3 million for the three months ended March 31, 2013. Research and development expenses (income) are net of grants from the U.S. Department of Energy in the amount of \$0.5 million and \$0.3 million for the three months ended March 31, 2014 and 2013, respectively, related to the Enhanced Geothermal System project. Research and development income for the three months ended March 31, 2014 were \$0.1 million, compared to expenses of \$1.0 million for the three months ended March 31, 2013.



### ***Selling and Marketing Expenses***

Selling and marketing expenses for the three months ended March 31, 2014 were \$3.4 million, compared to \$11.5 million for the three months ended March 31, 2013. The decrease was primarily due to a one-time early termination fee in the amount of \$9.0 million we paid to SCE in the first quarter of 2013 to terminate the PPAs for the G1 and G3 power plants in the Mammoth complex. Excluding the one-time termination fee, selling and marketing expenses for the three months ended March 31, 2014 constituted 2.4% of total revenues for such period, compared to 9.7% for the three months ended March 31, 2013.

### ***General and Administrative Expenses***

General and administrative expenses for the three months ended March 31, 2014 were \$7.6 million, compared to \$6.6 million for the three months ended March 31, 2013. General and administrative expenses for the three months ended March 31, 2014 constituted 5.3% of total revenues for such period, compared to 5.5% for the three months ended March 31, 2013.

### ***Operating Income***

Operating income for the three months ended March 31, 2014 was \$42.6 million, compared to \$7.7 million for the three months ended March 31, 2013. The increase in operating income was principally attributable to: (i) the increase in our gross margin in our Electricity Segment; and (ii) a one-time early termination fee of \$9.0 million recorded in the three months ended March 31, 2013, both as discussed above. Operating income attributable to our Electricity Segment for the three months ended March 31, 2014 was \$30.9 million, compared to an operating loss of \$1.3 million for the three months ended March 31, 2013. Operating income attributable to our Product Segment for the three months ended March 31, 2014 was \$11.7 million, compared to \$9.0 million for the three months ended March 31, 2013.

### ***Interest Expense, Net***

Interest expense, net for the three months ended March 31, 2014 was \$20.5 million, compared to \$15.9 million for the three months ended March 31, 2013. This increase was primarily due to (i) an increase in interest expense related to new loans received from OPIC in February 2013 and November 2013 each in the amount of \$45.0 million; (ii) the conversion in July 2013 of OPIC interest loans from floating interest rate to fixed interest rate; and (iii) a \$2.2 million decrease related to interest capitalized to projects.

### ***Foreign Currency Translation and Transaction Gains (losses)***

Foreign currency translation and transaction losses for the three months ended March 31, 2014 were \$0.6 million, compared to gains of \$1.7 million for the three months ended March 31, 2013. Foreign currency translation and transaction gains for the three months ended March 31, 2013 was attributable primarily to gains on foreign currency forward contracts which were not accounted for as hedge transactions.

### ***Income Attributable to Sale of Tax Benefits***

Income attributable to the sale of tax benefits to institutional equity investors (as described in “OPC Transaction” and “ORTP Transaction”, each below) for the three months ended March 31, 2014 was \$6.7 million, compared to \$3.5 million for the three months ended March 31, 2013. This income represents the value of PTCs and taxable income or loss generated by OPC and ORTP and allocated to the investors in the amount of \$1.8 million and \$4.9 million, respectively, in the three months ended March 31, 2014, compared to \$1.4 million and \$2.1 million, respectively in the three months ended March 31, 2013. This increase was primarily attributable to additional payments in the amount of \$2.2 million related to the ORTP transaction which represented 25% of the value of PTC’s generated by the portfolio over time, compared to the original forecast, received in the three months ended March 31, 2014.

### ***Income Taxes***

Income tax provision for the three months ended March 31, 2014 was \$6.3 million, compared to \$4.0 million for the three months ended March 31, 2013. Our effective tax rate for the three months ended March 31, 2014 and 2013 was 22.3% and 268.5%, respectively. The effective tax rate differs from the statutory rate of 35% for the three months ended March 31, 2014, primarily due to unbenefited losses in the U.S. and certain foreign jurisdictions.

### ***Income (Loss) from Continuing Operations***

Income from continuing operations for the three months ended March 31, 2014 was \$21.8 million, compared to a loss from continuing operations of \$5.5 million for the three months ended March 31, 2013. The increase in income from continuing operations of \$27.3 million was principally attributable to the increase in operating income in the amount of \$34.9 million, as discussed above.

### ***Discontinued Operations***

In June 2013, our wholly-owned subsidiary sold its interest in MPC, the operator of the Momotombo geothermal power plant in Nicaragua, to a private company for \$7.8 million, approximately one year before the scheduled termination of the concession agreement with the Nicaraguan owner. The operations of the MPC for the three months ended March 31, 2013 have been included in discontinued operations. Discontinued operations for the three months ended March 31, 2013 include revenues of \$2.8 million of the MPC.

### ***Net Income (Loss)***

Net income for the three months ended March 31, 2014 was \$21.8 million, compared to a net loss of \$4.9 million for the three months ended March 31, 2013, which represents an increase of \$26.7 million. The increase in net income was principally attributable to the increase in income from continuing operations, as discussed above.

### **Liquidity and Capital Resources**

Our principal sources of liquidity have been derived from cash flows from operations, proceeds from third party debt in the form of borrowings under credit facilities and private offerings, issuances of notes, project financing, tax monetization, short term borrowing under our lines of credit and cash grants we received under the ARRA. We have utilized this cash to develop and construct power generation plants, fund our acquisitions, and meet our other cash and liquidity needs.

As of March 31, 2014, we had access to (i) \$47.9 million in cash and cash equivalents of which \$36.9 million is related to foreign jurisdictions; and (ii) \$208.1 million of unused corporate borrowing capacity under existing lines of credit with various commercial banks.

Our estimated capital needs for the remainder of 2014 include approximately \$190.0 million for capital expenditures required for new projects under development or construction, exploration activity, operating projects, and machinery and equipment purchases, as well as \$68.1 million for debt repayment.

We believe that based on our plans to increase our operations outside of the U.S., the cash generated from our operations outside of the U.S. will be reinvested outside of the U.S. In addition, our U.S. sources of cash and liquidity are sufficient to meet our needs in the U.S. and, accordingly, we do not currently plan to repatriate the funds we have designated as being permanently invested outside the U.S. If we change our plans, we may be required to accrue and pay U.S. taxes to repatriate these funds.

We expect to finance these requirements with: (i) the sources of liquidity described above; (ii) positive cash flows from our operations; (iii) future project financing and refinancing (including construction loans); and (iv) cash grants available to us under the ARRA in respect of the refurbishment of G1 power plant in the Mammoth complex. Management believes that these sources will address our anticipated liquidity, capital expenditures, and other investment requirements.

### ***Third-Party Debt***

Our third-party debt is composed of two principal categories. The first category consists of project finance debt or acquisition financing that we or our subsidiaries have incurred for the purpose of developing and constructing, refinancing or acquiring our various projects, which are described below under “Non-Recourse and Limited-Recourse Third-Party Debt”. The second category consists of debt incurred by us or our subsidiaries for general corporate purposes, which are described below under “Full-Recourse Third-Party Debt.”

### ***Non-Recourse and Limited-Recourse Third-Party Debt***

#### ***OFC Senior Secured Notes — Non-Recourse***

In February 2004, OFC, one of our subsidiaries, issued \$190.0 million of OFC Senior Secured Notes for the purpose of refinancing the acquisition cost of the Brady, Ormesa and Steamboat 1, 1A, 2 and 3 power plants, and the financing of the acquisition cost of 50% of the Mammoth complex. The OFC Senior Secured Notes have a final maturity date of December 30, 2020. Principal and interest on the OFC Senior Secured Notes are payable in semi-annual payments. The OFC Senior Secured Notes are collateralized by substantially all of the assets of OFC and those of its wholly owned subsidiaries and are fully and unconditionally guaranteed by all of the wholly owned subsidiaries of OFC. There are various restrictive covenants under the OFC Senior Secured Notes, which include limitations on additional indebtedness of OFC and its wholly owned subsidiaries. Failure to comply with these and other covenants will, subject to customary cure rights, constitute an event of default by OFC. In addition, there are restrictions on the ability of OFC to make distributions to its shareholders, which include a required historical and projected 12-month debt service coverage ratio (DSCR) of not less than 1.25 (measured semi-annually as of June 30 and December 31 of each year). If OFC fails to comply with the DSCR ratio it will be prohibited from making distributions to its shareholders. We are only required to measure these covenants on a semi-annual basis and as of December 31, 2013, (the last measurement date of the covenants) the actual historical 12-month DSCR was 1.29 and the pro-forma 12-month DSCR was 2.25. There were \$77.6 million and \$90.8 million of OFC Senior Secured Notes outstanding as of March 31, 2014 and December 31, 2013, respectively.

In January 2014, we acquired from OFC noteholders OFC Senior Secured Notes with an outstanding aggregate principal amount of \$13.2 million. We recognized a gain of approximately \$0.3 million in the first quarter of 2014. In February 2013, we acquired from OFC noteholders OFC Senior Secured Notes with an outstanding aggregate principal amount of \$12.8 million and we recognized a gain of \$0.8 million in the year ended December 31, 2013.

#### ***OrCal Geothermal Senior Secured Notes — Non-Recourse***

In December 2005, OrCal, one of our subsidiaries, issued \$165.0 million of OrCal Senior Secured Notes for the purpose of refinancing the acquisition cost of the Heber complex. The OrCal Senior Secured Notes have been rated BBB- by Fitch Ratings. The OrCal Senior Secured Notes have a final maturity date of December 30, 2020. Principal and interest on the OrCal Senior Secured Notes are payable in semi-annual payments. The OrCal Senior Secured Notes are collateralized by substantially all of the assets of OrCal and those of its wholly owned subsidiaries and are fully and unconditionally guaranteed by all of the wholly owned subsidiaries of OrCal. There are various restrictive covenants under the OrCal Senior Secured Notes which include limitations on additional indebtedness of OrCal and its wholly owned subsidiaries. Failure to comply with these and other covenants will, subject to customary cure rights, constitute an event of default by OrCal. In addition, there are restrictions on the ability of OrCal to make distributions to its shareholders, which include a required historical and projected 12-month DSCR of not less than 1.25 (measured semi-annually as of June 30 and December 31 of each year). If OrCal fails to comply with the DSCR ratio it will be prohibited from making distributions to its shareholders. We are only required to measure these covenants on a semi-annual basis and as of December 31, 2013, (the last measurement date of the covenants) the actual historical 12-month DSCR was 1.3. There were \$66.2 million of OrCal Senior Secured Notes outstanding as of March 31, 2014 and December 31, 2013.

#### ***OFC 2 Senior Secured Notes — Limited Recourse during Construction and Non-Recourse Thereafter***

In September 2011, OFC 2, one of our subsidiaries, and its wholly owned project subsidiaries (collectively, the OFC 2 Issuers) entered into a note purchase agreement (the Note Purchase Agreement) with OFC 2 Noteholder Trust, as purchaser, John Hancock, as administrative agent, and the DOE, as guarantor, in connection with the offer and sale of up to \$350.0 million aggregate principal amount of OFC 2 Senior Secured Notes due December 31, 2034.

Subject to the fulfillment of customary and other specified conditions precedent, the OFC 2 Senior Secured Notes may be issued in up to six distinct series associated with the phased construction (Phase I and Phase II) of the Jersey Valley, McGinness Hills and Tuscarora geothermal power plants, which are owned by the OFC 2 Issuers. The OFC 2 Senior Secured Notes will mature and the principal amount of the OFC 2 Senior Secured Notes will be payable in equal quarterly installments and in any event not later than December 31, 2034. Each series of notes will bear interest at a rate calculated based on a spread over the U.S. Treasury yield curve that will be set at least ten business days prior to the issuance of such series of notes. Interest will be payable quarterly in arrears. The DOE guarantees payment of 80% of principal and interest on the OFC 2 Senior Secured Notes pursuant to Section 1705 of Title XVII of the Energy Policy Act of 2005, as amended. The conditions precedent to the issuance of the OFC 2 Senior Secured Notes include certain specified conditions required by the DOE in connection with its guarantee of the OFC 2 Senior Secured Notes.

In October 2011, the OFC 2 Issuers completed the sale of \$151.7 million in aggregate principal amount of 4.687% Series A Notes due 2032 (the Series A Notes). The net proceeds from the sale of the Series A Notes, after deducting transaction fees and expenses, were approximately \$147.4 million, and were used to finance a portion of the construction costs of Phase I of the McGinness Hills and Tuscarora power plants and to fund certain reserves. Principal and interest on the Series A Notes are payable quarterly in arrears on the last day of March, June, September and December of each year.

Issuance of the Series B Notes is dependent on the Jersey Valley power plant reaching certain operational targets in addition to the other conditions precedent noted above. If issued, the aggregate principal amount of the Series B Notes will not exceed \$28.0 million, and such proceeds would be used to finance a portion of the construction costs of Phase I of the Jersey Valley power plant.

The OFC 2 Issuers have sole discretion regarding whether to commence construction of Phase II of any of the Jersey Valley, McGinness Hills and Tuscarora power plants. If Phase II construction is undertaken for any of the power plants, the OFC 2 Issuers may issue Phase II tranches of Notes, comprised of one or more of Series C Notes, Series D Notes, Series E Notes and Series F Notes, to finance a portion of the construction costs of such Phase II of any facility. The aggregate principal amount of all Phase II Notes may not exceed \$170.0 million. The aggregate principal amount of each series of Notes comprising a Phase II tranche will be determined by the OFC 2 Issuers in their sole discretion provided that certain financial ratios are satisfied pursuant to the terms of the Note Purchase Agreement and subject to the aggregate limit noted above.

The OFC 2 Senior Secured Notes are collateralized by substantially all of the assets of OFC 2 and those of its wholly owned subsidiaries and are fully and unconditionally guaranteed by all of the wholly owned subsidiaries of OFC 2. There are various restrictive covenants under the OFC 2 Senior Secured Notes, which include limitations on additional indebtedness of OFC 2 and its wholly owned subsidiaries. Failure to comply with these and other covenants will, subject to customary cure rights, constitute an event of default by OFC 2. In addition, there are restrictions on the ability of OFC 2 to make distributions to its shareholders. Among other things, the distribution restrictions include a historical and projected quarterly DSCR requirement of at least 1.2 (on a blended basis for all of the OFC 2 power plants) and 1.5 on a pro forma basis (giving effect to the distributions). We are required to measure these covenants on a quarterly basis and as of March 31, 2014, the last measurement date of the covenants, the actual DSCR was 2.30 and the pro-forma 12-month DSCR was 2.26. There were \$141.9 million and \$144.4 million of OFC 2 Senior Secured Notes outstanding as of March 31, 2014 and December 31, 2013, respectively.

We provided a guarantee in connection with the issuance of the Series A Notes, and will provide a guarantee in connection with the issuance of each other Series of OFC 2 Senior Secured Notes, which will be available to be drawn upon if certain trigger events occur. One trigger event is the failure of any facility financed by the relevant series of OFC 2 Senior Secured Notes to reach completion and meet certain operational performance levels (the non-performance trigger) which gives rise to a prepayment obligation on the OFC 2 Senior Secured Notes. The other trigger event is a payment default on the OFC 2 Senior Secured Notes or the occurrence of certain fundamental defaults that result in the acceleration of the OFC 2 Senior Secured Notes, in each case that occurs prior to the date that the relevant facility financed by such OFC 2 Senior Secured Notes reaches completion and meets certain operational performance levels. A demand on our guarantee based on the non-performance trigger is limited to an amount equal to the prepayment amount on the OFC 2 Senior Secured Notes necessary to bring the OFC 2 Issuers into compliance with certain coverage ratios. A demand on our guarantee based on the other trigger event is not so limited.

#### *Olkaria III Finance Agreement with OPIC — Limited Recourse during Construction and Non-Recourse Thereafter*

In August 2012, OrPower 4, one of our subsidiaries, entered into a finance agreement with OPIC, an agency of the United States government, to provide limited-recourse senior secured debt financing in an aggregate principal amount of up to \$310.0 million (the OPIC Loan) for the refinancing and financing of our Olkaria III geothermal power complex in Kenya. The finance agreement was amended on November 9, 2012.

The OPIC Loan is comprised of three tranches:

- Tranche I in an aggregate principal amount of \$85.0 million, which was drawn in November, 2012, was used to prepay approximately \$20.5 million (plus associated prepayment penalty and breakage costs of \$1.5 million) of the DEG Loan, as described below under “Full Recourse Debt”. The remainder of Tranche I proceeds was used for reimbursement of prior capital costs and other corporate purposes.
- Tranche II in an aggregate principal amount of \$180.0 million was used to fund the construction and well field drilling for Plant 2 of the Olkaria III geothermal power complex. In November, 2012, an amount of \$135.0 million was disbursed under this Tranche II, and in February 2013 the remaining \$45.0 million was distributed under this Tranche II.
- Tranche III in an aggregate principal amount of \$45.0 million was used to fund the construction of Plant 3 of the Olkaria III geothermal power complex and was drawn down in full in November 2013.

In July 2013, we completed the conversion of the interest rate applicable to both Tranche I and Tranche II from a floating interest rate to a fixed interest rate. The average fixed interest rate for Tranche I, which has an outstanding balance of \$79.1 million and matures on December 15, 2030 and Tranche II, which has an outstanding balance of \$172.0 million and matures on June 15, 2030, is 6.31%. In November 2013, we fixed the interest rate applicable to Tranche III. The fixed interest rate for Tranche III, which has an outstanding balance of \$45.0 million and matures on December 15, 2030, is 6.12%.

OrPower 4 has a right to make voluntary prepayments of all or a portion of the OPIC Loan subject to prior notice, minimum prepayment amounts, and a prepayment premium of 2.0% in the first two years after the Plant 2 commercial operation date, declining to 1% in the third year after the Plant 2 commercial operation date, and without premium thereafter, plus a redemption premium. In addition, the OPIC Loan is subject to customary mandatory prepayment in the event of certain reductions in generation capacity of the power plants, unless such reductions will not cause the projected ratio of cash flow to debt service to fall below 1.7.

The OPIC Loan is secured by substantially all of OrPower 4’s assets and by a pledge of all of the equity interests in OrPower 4.

The finance agreement includes customary events of default, including failure to pay any principal, interest or other amounts when due, failure to comply with covenants, breach of representations and warranties, non-payment or acceleration of other debt of OrPower 4, bankruptcy of OrPower 4 or certain of its affiliates, judgments rendered against OrPower 4, expropriation, change of control, and revocation or early termination of security documents or certain project-related agreements, subject to various exceptions and notice, cure and grace periods.

The repayment of the remaining outstanding DEG Loan (see “Full-Recourse Third-Party Debt” below) in the amount of approximately \$39.5 million as of March 31, 2014, has been subordinated to the OPIC Loan.

There are various restrictive covenants under the OPIC Loan, which include a required historical and projected 12-month DSCR of not less than 1.4 (measured as of March 15, June 15, September 15 and December 15 of each year). If OrPower 4 fails to comply with these financial ratios it will be prohibited from making distributions to its shareholders. In addition, if the DSCR falls below 1.1, subject to certain cure rights; such failure will constitute an event of default by OrPower 4. This covenant in respect of Tranche I will become effective on December 15, 2014.

There were \$296.1 million and \$299.9 million of the OPIC Loan outstanding as of March 31, 2014 and December 31, 2013, respectively.

### *Amatitlan Loan — Non-Recourse*

In May 2009, Ortitlan, one of our subsidiaries, entered into a note purchase agreement in an aggregate principal amount of \$42.0 million which refinanced its investment in the 20 MW geothermal power plant located in Amatitlan, Guatemala. The loan was provided by TCW Global Project Fund II, Ltd. (TCW). The loan bears interest at a rate of 9.83%, will mature on June 15, 2016, and is payable in quarterly installments. There are various restrictive covenants under the loan, which include (i) a projected 12-month DSCR of not less than 1.2 and (ii) a long-term debt to equity ratio not to exceed 4.0 (both of which are measured quarterly). If Ortitlan fails to comply with these financial ratios it will be prohibited from making distributions to its shareholders. In addition, subject to certain cure rights, such failure will constitute an event of default. As of March 31, 2014, the projected 12-month DSCR was 1.62 and the debt to equity ratio was 1.93, and \$30.8 million of this loan was outstanding.

### ***Full-Recourse Third-Party Debt***

**Union Bank.** In February 2012, Ormat Nevada, our wholly owned subsidiary entered into an amended and restated credit agreement with Union Bank. Under the amended and restated agreement, the credit termination date was extended from February 15, 2012 to February 7, 2014 (which was subsequently extended to May 15, 2014, pursuant to Amendment No. 3 to the amended and restated agreement). The aggregate amount available under the credit agreement was increased from \$39.0 million to \$50.0 million. The facility is limited to the issuance, extension, modification or amendment of letters of credit. Union Bank is currently the sole lender and issuing bank under the credit agreement, but is also designated as an administrative agent on behalf of banks that may, from time to time in the future, join the credit agreement as parties thereto. In connection with this transaction, we entered into a guarantee in favor of the administrative agent for the benefit of the banks, pursuant to which we agreed to guarantee Ormat Nevada's obligations under the credit agreement. Ormat Nevada's obligations under the credit agreement are otherwise unsecured.

There are various restrictive covenants under the credit agreement, including a requirement to comply with the following financial ratios, which are measured quarterly: (i) a 12-month debt to EBITDA ratio not to exceed 4.5; (ii) 12-month DSCR of not less than 1.35; and (iii) distribution leverage ratio not to exceed 2.0. As of March 31, 2014: (i) the actual 12-month debt to EBITDA ratio was 2.22; (ii) the 12-month DSCR was 2.78; and (iii) the distribution leverage ratio was 1.30. In addition, there are restrictions on dividend distributions in the event of a payment default or noncompliance with such ratios, and subject to specified carve-outs and exceptions, a negative pledge on the assets of Ormat Nevada in favor of Union Bank.

As of March 31, 2014, letters of credit in the aggregate amount of \$47.1 million remain issued and outstanding under this credit agreement.

**HSBC.** In May 2013, Ormat Nevada, our wholly owned subsidiary, entered into a credit agreement with HSBC Bank USA, N.A for one year with annual renewals. The aggregate amount available under the credit agreement is \$25.0 million. This credit line is limited to the issuance, extension, modification or amendment of letters of credit and \$10.0 million out of this credit line is available to be drawn for working capital needs. HSBC is currently the sole lender and issuing bank under the credit agreement, but is also designated as an administrative agent on behalf of banks that may, from time to time in the future, join the credit agreement as parties thereto. In connection with this transaction, we entered into a guarantee in favor of the administrative agent for the benefit of the banks, pursuant to which we agreed to guarantee Ormat Nevada's obligations under the credit agreement. Ormat Nevada's obligations under the credit agreement are otherwise unsecured.

There are various restrictive covenants under the credit agreement, including a requirement to comply with the following financial ratios, which are measured quarterly: (i) a 12-month debt to EBITDA ratio not to exceed 4.5; (ii) 12-month DSCR of not less than 1.35; and (iii) distribution leverage ratio not to exceed 2.0. As of March 31, 2014: (i) the actual 12-month debt to EBITDA ratio was 2.22; (ii) the 12-month DSCR was 2.78; and (iii) the distribution leverage ratio was 1.30. In addition, there are restrictions on dividend distributions in the event of a payment default or noncompliance with such ratios, and subject to specified carve-outs and exceptions, a negative pledge on the assets of Ormat Nevada in favor of HSBC.

As of March 31, 2014, letters of credit in the aggregate amount of \$16.1 million remain issued and outstanding under this committed credit agreement.

**Credit Agreements.** We also have committed credit agreements with five other commercial banks for an aggregate amount of \$447.6 million. Under the terms of these credit agreements, we or our Israeli subsidiary, Ormat Systems, can request (i) extensions of credit in the form of loans and/or the issuance of one or more letters of credit in the amount of up to \$308.0 million and (ii) the issuance of one or more letters of credit in the amount of up to \$139.6 million. The credit agreements mature end of April 2014 and November 2016. Loans and draws under the credit agreements or under any letters of credit will bear interest at the respective bank's cost of funds plus a margin.

As of March 31, 2014, loans in the total amount of \$97.2 million were outstanding, and letters of credit with an aggregate stated amount of \$151.8 million were issued and outstanding under these credit agreements. The \$97.2 million in loans are for terms of three months or less and bear interest at a weighted average rate of 2.74%.

**Term Loans.** We have a \$20.0 million term loan with a group of institutional investors, which matures on July 16, 2015, is payable in 12 semi-annual installments commencing January 16, 2010, and bears interest at a rate of 6.5%. As of March 31, 2014, \$5.7 million was outstanding under this loan.

We have a \$20.0 million term loan with a group of institutional investors, which matures on August 1, 2017, is payable in 12 semi-annual installments commencing February 1, 2012, and bears interest at 6-month LIBOR plus 5.0%. As of March 31, 2014, \$11.7 million was outstanding under this loan.

We have a \$20.0 million term loan with a group of institutional investors, which matures on November 16, 2016, is payable in ten semi-annual installments commencing May 16, 2012, and bears interest of 5.75%. As of March 31, 2014, \$12.0 million was outstanding under this loan.

We have a \$50.0 million term loan with a commercial bank, which matures on November 10, 2014, is payable in ten semi-annual installments commencing May 10, 2010, and bears interest at 6-month LIBOR plus 3.25%. As of March 31, 2014, \$10.0 million was outstanding under this loan.

**Senior Unsecured Bonds.** We have an aggregate principal amount of approximately \$250.0 million of Senior Unsecured Bonds issued and outstanding. We issued approximately \$142.0 million of these bonds in August 2010 and an additional \$107.5 million in February 2011. Subject to early redemption, the principal of the bonds is repayable in a single bullet payment upon the final maturity of the bonds on August 1, 2017. The bonds bear interest at a fixed rate of 7.00%, payable semi-annually. The bonds that we issued in February 2011 were issued at a premium which reflects an effective fixed interest of 6.75%.

**Loan Agreement with DEG (The Olkaria III Complex).** OrPower 4 entered into a project financing loan to refinance its investment in Plant 1 of the Olkaria III complex located in Kenya with a group of European Development Finance Institutions arranged by Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG). The DEG Loan will mature on December 15, 2018, and is payable in 19 equal semi-annual installments. Interest on the loan is variable based on 6-month LIBOR plus 4.0%. We fixed the interest rate on most of the loan at 6.90%. Currently, \$39.5 million is outstanding under the DEG Loan (out of which \$27.1 million bears interest at a fixed rate).

In October 2012, OrPower 4, DEG and the other parties thereto amended and restated the DEG Loan Agreement. The amendment became effective on November 9, 2012 upon the execution by OrPower 4 of the Tranche I and Tranche II Notes under the OPIC loan and the related disbursements of the proceeds thereof under the OPIC Finance Agreement (as described above under the heading "Non-Recourse and Limited-Recourse Third-Party Debt"). As part of the amendment we prepaid in full two loans under the DEG facility in the total principal amount of approximately \$20.5 million. The amended and restated DEG Loan Agreement provides for (i) the release and discharge of all collateral security previously provided by OrPower 4 to the secured parties under the DEG Loan Agreement and the substitution of our guarantee of OrPower 4's payment and certain other performance obligations in lieu thereof; (ii) the establishment of a LIBOR floor of 1.25% in respect of one of the loans under the DEG Loan Agreement and (iii) the elimination of most of the affirmative and negative covenants under the DEG Loan Agreement and certain other conforming provisions as a result of OrPower 4's execution of the OPIC Finance Agreement and its obligations thereunder.

Our obligations under the credit agreements, the loan agreements, and the trust instrument governing the bonds, described above, are unsecured, but we are subject to a negative pledge in favor of the banks and the other lenders and certain other restrictive covenants. These include, among other things, a prohibition on: (i) creating any floating charge or any permanent pledge, charge or lien over our assets without obtaining the prior written approval of the lender; (ii) guaranteeing the liabilities of any third party without obtaining the prior written approval of the lender; and (iii) selling, assigning, transferring, conveying or disposing of all or substantially all of our assets, or a change of control in our ownership structure. Some of the credit agreements, the term loan agreements, and the trust instrument contain cross-default provisions with respect to other material indebtedness owed by us to any third party. In some cases, we have agreed to maintain certain financial ratios, which are measured quarterly, such as: (i) equity of at least \$600 million and in no event less than 30% of total assets; (ii) 12-month debt, net of cash, cash equivalents, and short-term bank deposits to Adjusted EBITDA ratio not to exceed 7.0; and (iii) dividend distributions not to exceed 35% of net income in any calendar year. As of March 31, 2014: (i) total equity was \$765.7 million and the actual equity to total assets ratio was 35.9% and (ii) the 12-month debt, net of cash and cash equivalents, to Adjusted EBITDA ratio was 3.93. The failure to perform or observe any of the covenants set forth in such agreements, subject to various cure periods, would result in the occurrence of an event of default and would enable the lenders to accelerate all amounts due under each such agreement.

As described above, we are currently in compliance with our covenants with respect to the credit agreements, the loan agreements and the trust instrument, and believe that the restrictive covenants, financial ratios and other terms of any of our (or Ormat Systems') full-recourse bank credit agreements will not materially impact our business plan or operations.

### ***Letters of Credit***

Some of our customers require our project subsidiaries to post letters of credit in order to guarantee their respective performance under relevant contracts. We are also required to post letters of credit to secure our obligations under various leases and licenses and may, from time to time, decide to post letters of credit in lieu of cash deposits in reserve accounts under certain financing arrangements. In addition, our subsidiary, Ormat Systems is required from time to time to post performance letters of credit in favor of our customers with respect to orders of products.

As of March 31, 2014, committed letters of credit in the aggregate amount of \$241.8 million remained issued and outstanding, out of which \$214.9 million were issued under the credit agreements with Union Bank, HSBC and five of the commercial banks as described under "Full-Recourse Third Party Debt". In addition \$26.9 million were issued under non-committed lines of credit.

### ***Puna Power Plant Lease Transactions***

In May 2005, Puna Geothermal Venture (PGV), our Hawaiian subsidiary, entered into a transaction involving the original geothermal power plant of the Puna complex located on the Big Island. The transaction was concluded with financing parties by means of a leveraged lease transaction. A secondary stage of the lease transaction relating to two new geothermal wells that PGV drilled in the second half of 2005 (for production and injection) was completed on December 30, 2005. Pursuant to a 31-year head lease, PGV leased its geothermal power plant to the abovementioned financing parties in return for payments of \$83.0 million by such financing parties to PGV, which are accounted for as deferred lease income.

### ***OPC Transaction***

In June 2007, Ormat Nevada entered into agreements with affiliates of Morgan Stanley & Co. Incorporated and Lehman Brothers Inc. (Morgan Stanley Geothermal LLC and Lehman-OPC LLC, respectively), under which those investors purchased, for cash, interests in a newly formed subsidiary of Ormat Nevada, OPC, entitling the investors to certain tax benefits (such as PTCs and accelerated depreciation) and distributable cash associated with four geothermal power plants in Nevada.

The first closing under the agreements occurred in 2007 and covered our Desert Peak 2, Steamboat Hills, and Galena 2 power plants. The investors paid \$71.8 million at the first closing. The second closing under the agreements occurred in 2008 and covered the Galena 3 power plant. The investors paid \$63.0 million at the second closing.

Ormat Nevada continues to operate and maintain the power plants. Under the agreements, Ormat Nevada initially received all of the distributable cash flow generated by the power plants, while the investors received substantially all of the PTCs and the taxable income or loss (together, the Economic Benefits). Once Ormat Nevada recovered the capital that it invested in the power plants, which occurred in the fourth quarter of 2010, the investors began receiving both the distributable cash flow and the Economic Benefits. Once the investors reach a target after-tax yield on their investment in OPC (the OPC Flip Date), Ormat Nevada will receive 95% of both distributable cash and taxable income, on a going forward basis. Following the OPC Flip Date, Ormat Nevada also has the option to purchase the investors' remaining interest in OPC at the then-current fair market value or, if greater, the investors' capital account balances in OPC. If Ormat Nevada were to exercise this purchase option, it would become the sole owner of the power plants again.



Our voting rights in OPC are based on a capital structure that is comprised of Class A and Class B membership units. Through Ormat Nevada, we own all of the Class A membership units, which represent 75% of the voting rights in OPC, and the investors (as described below) own all of the Class B membership units, which represent 25% of the voting rights of OPC. Other than in respect of customary protective rights, all operational decisions in OPC are decided by the vote of a majority of the membership units. Following the OPC Flip Date, Ormat Nevada's voting rights will increase to 95% and the investor's voting rights will decrease to 5%. Ormat Nevada retains the controlling voting interest in OPC both before and after the OPC Flip Date and therefore consolidates OPC.

The Class B membership units are provided with a 5% residual economic interest in OPC, which commences as of the OPC Flip Date. This residual 5% interest represents a noncontrolling interest and is not subject to mandatory redemption or guaranteed payments. The Class B membership units are currently held by Morgan Stanley Geothermal LLC and JPM. On October 30, 2009, Ormat Nevada acquired from Lehman-OPC LLC all of the Class B membership units of OPC held by Lehman-OPC LLC pursuant to a right of first offer for a purchase price of \$18.5 million in cash and on February 3, 2011, Ormat Nevada sold to JPM all of the Class B membership units of OPC that it had acquired for a sale price of \$24.9 million in cash.

#### ***ORTP Transaction***

On January 24, 2013, Ormat Nevada entered into agreements with JPM under which JPM purchased interests in a newly formed subsidiary of Ormat Nevada, ORTP, entitling JPM to certain tax benefits (such as PTCs and accelerated depreciation) associated with certain geothermal power plants in California and Nevada.

Under the terms of the transaction, Ormat Nevada transferred the Heber complex, the Mammoth complex, the Ormesa complex, and the Steamboat 2 and 3, Burdette (Galena 1) and Brady power plants to ORTP, and sold class B membership units in ORTP to JPM. In connection with the closing, JPM paid approximately \$35.7 million to Ormat Nevada and will make additional payments to Ormat Nevada of 25% of the value of PTCs generated by the portfolio over time. The additional payments are expected to be made until December 31, 2016 and total up to a maximum amount of \$11.0 million.

Ormat Nevada will continue to operate and maintain the power plants. Under the agreements, Ormat Nevada will initially receive all of the distributable cash flow generated by the power plants, while JPM will receive substantially all of PTCs and the taxable income or loss (together, the Economic Benefits). JPM's return is limited by the terms of the transaction. Once JPM reaches a target after-tax yield on its investment in ORTP (the ORTP Flip Date), Ormat Nevada will receive 97.5% of the distributable cash and 95.0% of the taxable income, on a going forward basis. At any time during the twelve-month period after the end of the fiscal year in which the ORTP Flip Date occurs (but no earlier than the expiration of five years following the date that the last of the power plants was placed in service for purposes of federal income taxes), Ormat Nevada also has the option to purchase JPM's remaining interest in ORTP at the then-current fair market value. If Ormat Nevada were to exercise this purchase option, it would become the sole owner of the power plants again.

The Class B membership units entitle the holder to a 5.0% (allocation of income and loss) and 2.5% (allocation of cash) residual economic interest in ORTP. The 5.0% and 2.5% residual interest commences on achievement by JPM of a contractually stipulated return that triggers the ORTP Flip Date. The actual ORTP Flip Date is not known with certainty. This residual 5.0% and 2.5% interest represents a noncontrolling interest and is not subject to mandatory redemption or guaranteed payments.

Our voting rights in ORTP are based on a capital structure that is comprised of Class A and Class B membership units. Through Ormat Nevada, we own all of the Class A membership units, which represent 75.0% of the voting rights in ORTP. JPM owns all of the Class B membership units, which represent 25.0% of the voting rights of ORTP. Other than in respect of customary protective rights, all operational decisions in ORTP are decided by the vote of a majority of the membership units. Ormat Nevada retains the controlling voting interest in ORTP both before and after the ORTP Flip Date and therefore will continue to consolidate ORTP.

For the three months ended March 31, 2014 and March 31, 2013, the impact of the ORTP transaction was a net gain of \$3.4 million and \$1.1 million, respectively, on our condensed consolidated statements of operations and comprehensive income (loss). For the three months ended March 31, 2014 and March 31, 2013, revenues of \$4.9 million and \$2.2 million, respectively, were recognized in income attributable to the sale of tax benefits and a \$1.5 million and \$1.1 million finance charge was recognized in interest expense, respectively.

### ***Liquidity Impact of Uncertain Tax Positions***

As discussed in Note 11 to our condensed consolidated financial statements set forth in Item 1 of this quarterly report, we have a liability associated with unrecognized tax benefits and related interest and penalties in the amount of approximately \$5.1 million as of March 31, 2014. This liability is included in long-term liabilities in our condensed consolidated balance sheet, because we generally do not anticipate that settlement of the liability will require payment of cash within the next twelve months. We are not able to reasonably estimate when we will make any cash payments required to settle this liability.

### ***Dividends***

The following are the dividends declared by us since March 31, 2012:

| <b>Date Declared</b> | <b>Dividend Amount<br/>per Share</b> | <b>Record Date</b> | <b>Payment Date</b> |
|----------------------|--------------------------------------|--------------------|---------------------|
| May 8, 2012          | \$ 0.04                              | May 21, 2012       | May 30, 2012        |
| August 1, 2012       | \$ 0.04                              | August 14, 2012    | August 23, 2012     |
| August 6, 2013       | \$ 0.04                              | August 19, 2013    | August 29, 2013     |
| November 6, 2013     | \$ 0.04                              | November 20, 2013  | December 4, 2013    |

### ***Historical Cash Flows***

The following table sets forth the components of our cash flows for the periods indicated:

|                                                     | <b>Three Months Ended March 31,</b> |             |
|-----------------------------------------------------|-------------------------------------|-------------|
|                                                     | <b>2014</b>                         | <b>2013</b> |
|                                                     | <b>(Dollars in thousands)</b>       |             |
| Net cash provided by operating activities           | \$ 68,076                           | \$ 18,216   |
| Net cash used in investing activities               | (35,323)                            | (98,244)    |
| Net cash provided by (used in) financing activities | (42,180)                            | 71,027      |
| Net change in cash and cash equivalents             | (9,427)                             | (9,001)     |

#### ***For the Three Months Ended March 31, 2014***

Net cash provided by operating activities for the three months ended March 31, 2014 was \$68.1 million, compared to \$18.2 million for the three months ended March 31, 2013. The net increase of \$49.9 million resulted primarily from (i) a decrease in receivables of \$43.1 million in the three months ended March 31, 2014, compared to \$10.6 million in the three months ended March 31, 2013, as a result of timing of collection from our customers; and (ii) the increase in cash inflow from higher net income of \$26.7 million, from a net loss of \$4.9 million for the three months ended March 31, 2013 to a net income of \$21.8 million for the three months ended March 31, 2014 as described above.

Net cash used in investing activities for the three months ended March 31, 2014 was \$35.3 million, compared to \$98.2 million for the three months ended March 31, 2013. The principal factors that affected our net cash used in investing activities during the three months ended March 31, 2014 were (i) capital expenditures of \$48.3 million, primarily for our facilities under construction and (ii) a net increase of \$23.3 million in restricted cash, and cash equivalents due to timing of debt repayments, reduced by (i) cash grant of \$21.8 million received from the U.S. Treasury under Section 1603 of the ARRA in the first quarter of 2014 relating to our Don A. Campbell geothermal power plant and (ii) \$15.0 million cash received as part of the Heber Solar sale transaction. The principal factors that affected our net cash used in investing activities during the three months ended March 31, 2013 were capital expenditures of \$49.6 million, primarily for our facilities under construction and a net increase of \$48.4 million in restricted cash, cash equivalents.

Net cash used in financing activities for the three months ended March 31, 2014 was \$42.2 million, compared to \$71.0 million provided by for the three months ended March 31, 2013. The principal factors that affected the net cash used in financing activities during the three months ended March 31, 2014 were; (i) a net decrease of \$14.8 million against our revolving lines of credit with commercial banks; (ii) \$12.9 million of cash paid to repurchase our OFC Senior Secured Notes; (iii) the repayment of long-term debt in the amount of \$10.5 million; and (iv) \$2.7 million cash dividend paid. The principal factors that affected our net cash provided by financing activities during the three months ended March 31, 2013 were: (i) \$45.0 million of net proceeds from the disbursement from Tranche II of the OPIC Loan; (ii) ) \$32.2 million of net proceeds from the ORTP Transaction (see "ORTP Transaction" above); and (iii) a net increase of \$14.7 million against our revolving lines of credit with commercial banks reduced by (i) the repayment of long-term debt in the amount of \$5.2 million; and (ii) cash paid to non-controlling interest in the amount of \$3.8 million.

### **EBITDA and Adjusted EBITDA**

We calculate EBITDA as net income before interest, taxes, depreciation and amortization. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, excluding impairment of long-lived assets and a one-time termination fee. EBITDA and Adjusted EBITDA are not measurements of financial performance or liquidity under GAAP and should not be considered as alternatives to cash flow from operating activities or as measures of liquidity or alternatives to net earnings as indicators of our operating performance or any other measures of performance derived in accordance with GAAP. EBITDA and Adjusted EBITDA are presented because we believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of a company's ability to service and/or incur debt. However, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do. This information should not be considered in isolation or as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP or other non-GAAP financial measures.

Adjusted EBITDA for the three months ended March 31, 2014 was \$70.6 million, compared to \$45.7 million for the three months ended March 31, 2013.

The following table reconciles net cash provided by operating activities to EBITDA and Adjusted EBITDA for the three-month periods ended March 31, 2014 and 2013:

|                                                                                                                                    | <b>Three Months Ended March 31,</b> |                                  |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|
|                                                                                                                                    | <b>2014</b>                         | <b>2013</b><br><b>As revised</b> |
|                                                                                                                                    | <b>(Dollars in thousands)</b>       |                                  |
| Net cash provided by operating activities                                                                                          | \$ 68,076                           | \$ 18,216                        |
| Adjusted for:                                                                                                                      |                                     |                                  |
| Interest expense, net (excluding amortization of deferred financing costs)                                                         | 19,176                              | 14,336                           |
| Interest income                                                                                                                    | (111)                               | (41)                             |
| Income tax provision                                                                                                               | 6,320                               | 4,269                            |
| Adjustments to reconcile net income or loss to net cash provided by operating activities (excluding depreciation and amortization) | (22,870)                            | (28)                             |
| EBITDA                                                                                                                             | 70,591                              | 36,752                           |
| Termination fee                                                                                                                    | —                                   | 8,979                            |
| Adjusted EBITDA                                                                                                                    | \$ 70,591                           | \$ 45,731                        |
| Net cash used in investing activities                                                                                              | \$ (35,323)                         | \$ (98,244)                      |
| Net cash provided by (used in) financing activities                                                                                | \$ (42,180)                         | \$ 71,027                        |

### **Capital Expenditures**

Our capital expenditures primarily relate to two principal components: (i) the enhancement of our existing power plants and (ii) the development and construction of new power plants.

The following is an overview of projects that are fully released for construction:

**McGinness Hills Phase 2.** We are currently developing the 30 MW McGinness Hills phase 2 project located in Lander County, Nevada. Field development is in process. We signed an amendment to the McGinness 20-year PPA with NV Energy to include the 30 MW phase 2. The new power plant is expected to come online in the first half of 2015.

**Mammoth Complex.** We are currently in the process of a refurbishment program for G3 plant at the Mammoth complex located in Mammoth Lakes, California. We plan to replace the old units of the G3 plant with new Ormat-manufactured equipment. We expect the replacement of the equipment to optimize the operation of the complex. We expect to complete the refurbishment in 2015.

**Heber 1 Power Plant.** We are currently in the process of enhancing the Heber complex located in Imperial Valley, California, by adding new wells, decommissioning old wells and replacing part of the old equipment with new equipment. The replacement work is in process and expected to be completed in the second quarter of 2014 and will require a total plant outage of approximately eight weeks until May 15, 2014.

The following is an overview of projects that are in an initial stage of construction:

**Carson Lake Project.** We plan to develop the 20 MW Carson Lake project on Bureau of Land Management (BLM) leases located in Churchill County, Nevada. Permitting delays prevented substantial progress on the project site until late last year and have had a significant impact on the development plan and the economics of the project. As a result, in December 2011, we terminated the project's PPA and the joint operating agreement with Nevada Power Company. We are not planning to invest material capital expenditures in this project in 2014.

**CD 4 Project.** We plan to develop 30 MW of new capacity at the Mammoth complex, on land which is comprised mainly of BLM leases. We have commenced field development and drilled one production well and one injection well. Continued drilling is subject to receipt of additional permits. As part of the process to secure a transmission line, we are participating in the SCE Wholesale Distribution Access Tariff Transition Cluster Generator Interconnection Process to deliver energy into the Southern California Edison system at the Casa Diablo Substation. We are not planning to invest material capital expenditures in this project in 2014.

We have estimated approximately \$154.0 million in capital expenditures for the projects listed above, and for enhancement of our existing power plants, of which we have invested approximately \$43.0 million as of March 31, 2014. We expect to invest \$97.0 million of such total during the remainder of 2014 and the remaining \$14.0 million thereafter.

In addition, we estimate approximately \$93.0 million in additional capital expenditures in the remainder of 2014 to be allocated as follows: (i) \$43.0 million in development of new projects; (ii) \$20.0 million for maintenance capital expenditure of our operating power plants; (iii) \$27.0 million in exploration activities in various leases for geothermal resources in which we have started the exploration activity; and (iv) \$3.0 million in enhancement of our production facilities. In the aggregate, we estimate our total capital expenditures for the remainder of 2014 will be approximately \$190.0 million.

#### **Exposure to Market Risks**

Based on current conditions, we believe that we have sufficient financial resources to fund our activities and execute our business plans. However, the cost of obtaining financing for our project needs may increase significantly or such financing may be difficult to obtain.

One market risk to which power plants are typically exposed is the volatility of electricity prices. Our exposure to such market risk is currently limited because many of our long-term PPAs (except for the 25 MW PPA for the Puna complex and the PPAs of the Heber 1 and 2 power plants in the Heber complex, the Ormesa complex and the G2 power plant in the Mammoth complex) have fixed or escalating rate provisions that limit our exposure to changes in electricity prices. Beginning in May 2012, the energy payments under the PPAs of the Heber 1 and 2 power plants in the Heber complex, the Ormesa complex and the G2 power plant in Mammoth complex are determined by reference to the relevant power purchaser's SRAC. A decline in the price of natural gas will result in a decrease in the incremental cost that the power purchaser avoids by not generating its electrical energy needs from natural gas, which in turn will reduce the variable energy rate that we may charge under the relevant PPA for these power plants. In October 2013 and March 2014, we entered into derivative transactions to reduce our exposure to the price of natural gas, under these PPAs, until March 31, 2015. The Puna complex is currently benefiting from energy prices which are higher than the floor under the 25 MW PPA for the Puna complex as a result of the high fuel costs that impact Hawaii Electric Light Company's (HELCO) avoided costs. Likewise, in October 2013, we entered into derivative transaction to reduce our exposure to the price of oil, under the 25 MW PPA of the Puna complex, until December 31, 2014.

As of March 31, 2014, 87.4% of our consolidated long-term debt comprised a fixed rate debt and therefore was not subject to interest rate volatility risk. As of such date, 12.6% of our long-term debt was in the form of a floating rate instrument, exposing us to changes in interest rates in connection therewith. As of March 31, 2014, \$131.3 million of our long-term debt remained subject to some floating rate risk.

We currently maintain our surplus cash in short-term, interest-bearing bank deposits, money market securities and commercial paper (with a minimum investment grade rating of AA by Standard & Poor's Ratings Services).

Our cash equivalents are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our debt securities as “available-for-sale”, no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

Another market risk to which we are exposed is potential adverse changes in foreign currency exchange rates, in particular the fluctuation of the U.S. dollar versus the NIS. Risks attributable to fluctuations in currency exchange rates can arise when we or any of our foreign subsidiaries borrow funds or incur operating or other expenses in one type of currency but receive revenues in another. In such cases, an adverse change in exchange rates can reduce such subsidiary’s ability to meet its debt service obligations, reduce the amount of cash and income we receive from such foreign subsidiary, or increase such subsidiary’s overall expenses. Risks attributable to fluctuations in foreign currency exchange rates can also arise when the currency denomination of a particular contract is not the U.S. dollar. Substantially all of our PPAs in the international markets are either U.S. dollar-denominated or linked to the U.S. dollar. Our construction contracts from time to time contemplate costs which are incurred in local currencies. The way we often mitigate such risk is to receive part of the proceeds from the sale contract in the currency in which the expenses are incurred. Currently, we have forward contracts in place to reduce our foreign currency exposure, and expect to continue to use currency exchange and other derivative instruments to the extent we deem such instruments to be the appropriate tool for managing such exposure. We do not believe that our exchange rate exposure has or will have a material adverse effect on our financial condition, results of operations or cash flows.

We performed a sensitivity analysis on the fair values of our swap contracts on oil prices, put options on natural gas prices, long-term debt obligations, and foreign currency exchange forward contracts. The swap contracts on oil prices, put options on natural gas prices and foreign currency exchange forward contracts listed below principally relate to trading activities. The sensitivity analysis involved increasing and decreasing forward rates at March 31, 2014 and December 31, 2013 by a hypothetical 10% and calculating the resulting change in the fair values.

The results of the sensitivity analysis calculations as of March 31, 2014 and December 31, 2013 are presented below:

| Risk                    | Assuming a<br>10% Increase in Rates |                      | Assuming a<br>10% Decrease in Rates |                      | Change in the Fair Value of        |
|-------------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|------------------------------------|
|                         | March 31,<br>2014                   | December 31,<br>2013 | March 31,<br>2014                   | December 31,<br>2013 |                                    |
|                         | (Dollars in thousands)              |                      |                                     |                      |                                    |
| NGI Price               | \$ (7,773)                          | \$ (3,522)           | \$ 337                              | \$ 3,522             | NGI Swap                           |
| NYMEX Heating Oil Price | (1,849)                             | (3,442)              | 3,174                               | 3,442                | NYMEX HO2 Swap                     |
| Foreign Currency        | (2,346)                             | (3,381)              | 1,919                               | 4,133                | Foreign currency forward contracts |
| Interest Rate           | (2,007)                             | (2,562)              | 2,094                               | 2,690                | OFC                                |
| Interest Rate           | (1,201)                             | (1,298)              | 1,237                               | 1,339                | OrCal                              |
| Interest Rate           | (5,366)                             | (5,519)              | 5,779                               | 5,962                | OFC 2                              |
| Interest Rate           | (345)                               | (379)                | 353                                 | 388                  | Loan from DEG                      |
| Interest Rate           | (11,433)                            | (11,836)             | 12,217                              | 12,683               | Loan from OPIC                     |
| Interest Rate           | (291)                               | (328)                | 295                                 | 333                  | Loan from TCW                      |
| Interest Rate           | (4,025)                             | (4,349)              | 4,101                               | 4,438                | Senior unsecured bonds             |

#### Effect of Inflation

We do not expect that inflation will be a significant risk in the near term, given the current global economic conditions, however, that could change in the future. To address rising inflation, some of our contracts include certain mitigating factors against any inflation risk.

In connection with the Electricity Segment, inflation may directly impact an expense incurred for the operation of our projects, hence increasing the overall operating cost to us. The negative impact of inflation may be partially offset by price adjustments built into some of our PPAs that could be triggered upon such occurrences. The energy payments pursuant to the PPAs for the Brady power plant, the Steamboat 2 and 3 power plant, the Steamboat Hills power plant, and the Burdette power plant increase every year through the end of the relevant terms of such agreements, though such increases are not directly linked to the CPI or any other inflationary index. Lease payments are generally fixed, while royalty payments are generally determined as a percentage of revenues and therefore are not significantly impacted by inflation. In our Product Segment, inflation may directly impact fixed and variable costs incurred in the construction of our power plants, hence increasing our operating costs in that segment. In this segment, it is more likely that we will be able to offset part or all of the inflationary impact through our project pricing. With respect to power plants that we construct for our own electricity production, inflationary pricing may impact our operating costs which may be partially offset in the pricing of the new long-term PPAs that we negotiate.

### **Concentration of Credit Risk**

Our credit risk is currently concentrated with the following major customers: Southern California Edison, HELCO, KPLC and Sierra Pacific Power Company and Nevada Power Company (subsidiaries of NV Energy). If any of these electric utilities fails to make payments under its PPAs with us, such failure would have a material adverse impact on our financial condition.

Sierra Pacific Power Company and Nevada Power Company accounted for 15.3% and 15.5% of our total revenues for the three months ended March 31, 2014 and 2013, respectively.

KPLC accounted for 14.3% and 8.4% of our total revenues for the three months ended March 31, 2014 and 2013, respectively.

Southern California Edison accounted for 12.1% and 11.7% of our total revenues for the three months ended March 31, 2014 and 2013, respectively. Southern California Edison is also the power purchaser and revenue source for our Mammoth project, which we accounted for separately under the equity method of accounting through August 1, 2010.

HELCO accounted for 9.1% and 9.3% of our total revenues for the three months ended March 31, 2014 and 2013, respectively.

### **Government Grants and Tax Benefits**

The U.S. government encourages production of electricity from geothermal resources through certain tax subsidies. If we started construction of a new geothermal power plant in the U.S. by December 31, 2013, we are permitted to claim a tax credit against our U.S. federal income taxes equal to 30% of certain eligible costs when the project is placed in service. If we fail to meet the start of construction deadline for such a project, then the 30% credit is reduced to 10%. In lieu of the 30% tax credit (if the project qualifies), we are permitted to claim a tax credit based on the power produced from a geothermal power plant. These production-based credits, which in the first quarter of 2014 were 2.3 cents per kWh, are adjusted annually for inflation and may be claimed for ten years on the electricity produced by the project and sold to third parties after the project is placed in service. The owner of the power plant may not claim both the 30% tax credit and the production-based tax credit. Under current tax rules, any unused tax credit has a one-year carry back and a twenty-year carry forward. If we claim the ITC, our "tax basis" in the plant that we can recover through depreciation must be reduced by half of the ITC. If we claim the PTC, there is no reduction in the tax basis for depreciation. Companies that placed qualifying renewable energy facilities in service during 2009, 2010 or 2011 or that began construction of qualifying renewable energy facilities during 2009, 2010 or 2011 and placed them in service by December 31, 2013, may choose to apply for a cash grant from the U.S. Treasury in an amount equal to the ITC. Likewise, the tax basis for depreciation will be reduced by 50% of the cash grant received. Under the ARRA, the U.S. Treasury is instructed to pay the cash grant within 60 days of the application or the date on which the qualifying facility is placed in service.

Ormat Systems received "Benefited Enterprise" status under Israel's Law for Encouragement of Capital Investments, 1959 (the Investment Law), with respect to two of its investment programs. As a Benefited Enterprise, Ormat Systems was exempt from Israeli income taxes with respect to income derived from the first benefited investment for a period of two years that started in 2004, and thereafter such income was subject to reduced Israeli income tax rates, which could not exceed 25% for an additional five years until 2010. Ormat Systems was also exempt from Israeli income taxes with respect to income derived from the second benefited investment for a period of two years that started in 2007. Thereafter, such income is subject to reduced Israeli income tax rates which cannot exceed 25% for an additional five years until 2013 (see also below). These benefits are subject to certain conditions, including among other things, that all transactions between Ormat Systems and its affiliates are done on an arm's length basis and that the management of Ormat Systems will be located in, and the control will be conducted from, Israel during the entire period of the tax benefits. A change in control of Ormat Systems would need to be reported to the Israel Tax Authority in order for Ormat Systems to maintain the tax benefits. In January 2011, new legislation amending the Investment Law was enacted. Under the new legislation, a uniform rate of corporate tax will apply to all qualified income of certain industrial companies, as opposed to the previous law's incentives that are limited to income from a "Benefited Enterprise" during their benefits period. According to the amendment, the uniform tax rate applicable to the zone where the production facilities of Ormat Systems are located would be 15% in 2011 and 2012, 12.5% in 2013 and 16% in 2014 and thereafter. Under the transitory provisions of the new legislation, Ormat Systems had the option either to irrevocably comply with the new law while waiving benefits provided under the previous law or to continue to comply with the previous law during the transition period, with an option to move from the previous law to the new law at any stage. Ormat Systems decided to irrevocably comply with the new law starting in 2011.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We incorporate by reference the information appearing under “Exposure to Market Risks” and “Concentration of Credit Risk” in Part I, Item 2 of this quarterly report on Form 10-Q.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **a. Evaluation of disclosure controls and procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures to ensure that the information required to be disclosed in our filings pursuant to Rule 13a-15 under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and to ensure that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, as of March 31, 2014, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective.

#### **b. Changes in internal controls over financial reporting**

There were no changes in our internal controls over financial reporting in the first quarter of 2014 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

## **PART II — OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

In December 2012, Laborers' International Union of North America Local Union No. 783 ("LiUNA"), an organized labor union, filed a petition in Mono County Superior Court, naming Mono County, California and the Company as defendant and real party in interest, respectively. The petitioners' brought this action to challenge the November 13, 2012 decision of the Mono County Board of Supervisors in adopting Resolutions No. 12-78, denying petitioners' administrative appeal of the Planning Commission's approval of Conditional Use Permit ("CUP"), adoption of findings under the California Environmental Quality Act ("CEQA") and adoption of the final environmental impact report ("EIR") for the Mammoth enhancement. The petition asks the court to set aside the approval of the CUP and adoption of the EIR and cause a new EIR to be prepared and circulated.

The Company believes that the petition is without merit and intends to respond and take necessary legal action to dismiss the proceedings. The Company responded to LiUNA's petition. Filing of the petition in and of itself does not have any immediate adverse implications for the Mammoth enhancement.

In January 2014, the Company learned that two former employees alleged in a "qui tam" complaint filed in the United States District Court for the Southern District of California that the Company submitted fraudulent applications and certifications to obtain grants. While the United States Department of Justice has declined to intervene, the former employees may proceed on their own. The Company does not believe that the allegations of the lawsuit have any merit and will defend itself vigorously if served.

In addition, from time to time, the Company is named as a party in various other lawsuits, claims and other legal and regulatory proceedings that arise in the ordinary course of its business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, claims and proceedings, the Company accrues reserves when a loss is probable and the amount of such loss can be reasonably estimated. It is the opinion of the Company's management that the outcome of these proceedings, individually and collectively, will not be material to the Company's consolidated financial statements as a whole.

### **ITEM 1A. RISK FACTORS**

A comprehensive discussion of our risk factors is included in the "Risk Factors" section of our annual report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 28, 2014.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

There were no unregistered sales of equity securities of the Company during the first quarter of 2014.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable

### **ITEM 5. OTHER INFORMATION**

Not applicable.

### **ITEM 6. EXHIBITS**

We hereby file, as exhibits to this quarterly report, those exhibits listed on the Exhibit Index immediately following the signature page hereto.



## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### **ORMAT TECHNOLOGIES, INC.**

By: /s/ DORON BLACHAR

Name: Doron Blachar

Title: Chief Financial Officer

Date: May 9, 2014

## EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Document</u>                                                                                                                                                                                                                                                                                                                                                |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1                | Second Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to Ormat Technologies, Inc. Registration Statement on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on July 20, 2004.                                                                                                            |
| 3.2                | Fourth Amended and Restated By-laws, incorporated by reference to Exhibit 3.2 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on January 2, 2013.                                                                                                                                                             |
| 3.3                | Amended and Restated Limited Liability Company Agreement of OPC LLC dated June 7, 2007, by and among Ormat Nevada Inc., Morgan Stanley Geothermal LLC, and Lehman-OPC LLC, incorporated by reference to Exhibit 3.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on June 13, 2007.                         |
| 3.4                | Limited Liability Company Agreement of ORTP, LLC dated as of January 24, 2013, between Ormat Nevada, Inc., a wholly-owned subsidiary of Ormat Technologies, Inc., and JPM Capital Corporation, incorporated by reference to Exhibit 10.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on January 30, 2013. |
| 4.1                | Form of Common Share Stock Certificate, incorporated by reference to Exhibit 4.1 to Ormat Technologies, Inc. Registration Statement on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on July 20, 2004.                                                                                                                              |
| 4.2                | Form of Preferred Share Stock Certificate, incorporated by reference to Exhibit 4.2 to Ormat Technologies, Inc. Registration Statement on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on July 20, 2004.                                                                                                                           |
| 4.3                | Form of Rights Agreement by and between Ormat Technologies, Inc. and American Stock Transfer & Trust Company, incorporated by reference to Exhibit 4.3 to Ormat Technologies, Inc. Registration Statement Amendment No. 2 on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on October 22, 2004.                                     |
| 4.4                | Indenture for Senior Debt Securities, dated as of January 16, 2006, between Ormat Technologies, Inc. and Union Bank of California, incorporated by reference to Exhibit 4.2 to Ormat Technologies, Inc. Registration Statement Amendment No. 1 on Form S-3 (File No. 333-131064) to the Securities and Exchange Commission on January 26, 2006.                |
| 4.5                | Indenture for Subordinated Debt Securities, dated as of January 16, 2006, between Ormat Technologies, Inc. and Union Bank of California, incorporated by reference to Exhibit 4.3 to Ormat Technologies, Inc. Registration Statement Amendment No. 1 on Form S-3 (File No. 333-131064) to the Securities and Exchange Commission on January 26, 2006.          |
| 4.6                | Deed of Trust, dated as of August 3, 2010, between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 2, 2011.                                                                        |
| 4.7                | Addendum, dated as of January 27, 2011, to the Deed of Trust, dated as of August 3, 2010, between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.2 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 2, 2011.                         |
| 4.8                | Form of Bond issued pursuant to the Deed of Trust, dated as of August 3, 2010 (as amended or supplemented), between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.3 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 2, 2011.       |

- 4.9 Second Addendum, dated as of February 11, 2011, to the Deed of Trust, dated as of August 3, 2010 (as amended or supplemented), between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.7 to Ormat Technologies, Inc. Quarterly Report on Form 10-Q to the Securities and Exchange Commission on May 6, 2011.
- 4.10 Indenture of Trust and Security Agreement, dated September 23, 2011, among OFC 2 LLC, ORNI 15 LLC, ORNI 39 LLC, ORNI 42 LLC, HSS II, LLC, and Wilmington Trust Company, as Trustee and Depository, incorporated by reference to Exhibit 4.8 to Ormat Technologies, Inc. Quarterly Report on Form 10-Q to the Securities and Exchange Commission on November 4, 2011..
- 4.11 Third Addendum, dated as of December 1, 2011, to a Deed of Trust, dated as of August 3, 2010 as amended on January 31, 2011 (effective as of January 27, 2011) and on February 13, 2011, between Ormat Technologies, Inc. and Mishmeret — Trusts Services Company Ltd. (formerly Ziv Haft Trust Company Ltd.), as trustee, incorporated by reference to Exhibit 4.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on December 1, 2011.
- 10.2 Employment Agreement, dated as of February 11, 2014, between Ormat Technologies, Inc. and Isaac Angel, incorporated by reference to Exhibit 10.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 11, 2014.
- 10.3 Amended and Restated Ormat Technologies, Inc. 2012 Incentive Compensation Plan, incorporated by reference to Exhibit 10.2 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 11, 2014.
- 10.4 Form of Stock Option Agreement to Amended and Restated Ormat Technologies, Inc. 2012 Incentive Compensation Plan, incorporated by reference to Exhibit 10.31.2 to Ormat Technologies, Inc. Annual Report on Form 10-K to the Securities and Exchange Commission on February 28, 2014.
- 10.5 Form of Freestanding Stock Appreciation Right Agreement to Amended and Restated Ormat Technologies, Inc. 2012 Incentive Compensation Plan, incorporated by reference to Exhibit 10.31.3 to Ormat Technologies, Inc. Annual Report on Form 10-K to the Securities and Exchange Commission on February 28, 2014.
- 10.6 Membership Interest Purchase and Sale Agreement, dated March 26, 2014, between RET Holdings, LLC and Ormat Nevada Inc., incorporated by reference to Exhibit 10 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on March 31, 2014.
- 10.7 JBIC Facility Agreement, dated March 28, 2014, by and among Kyuden Sarulla Pte. Ltd., OrSarulla Inc., PT Medco Geopower Sarulla, Sarulla Operations Ltd, Sarulla Power Asset Limited, Japan Bank for International Cooperation and Mizuho Bank, Ltd., filed herewith.
- 10.8 Common Terms Agreement, dated March 28, 2014, by and among Kyuden Sarulla Pte. Ltd., OrSarulla Inc., PT Medco Geopower Sarulla, Sarulla Operations Ltd, Sarulla Power Asset Limited, Japan Bank for International Cooperation, Asian Development Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., ING Bank N.V., Tokyo Branch, National Australia Bank Limited, Mizuho Bank, Ltd., Mizuho Bank (USA), Pt. Bank Mizuho Indonesia, Société Générale, Société Générale Tokyo Branch, and Sumitomo Mitsui Banking Corporation, filed herewith.
- 10.9 Covered Lenders Facility Agreement, dated March 28, 2014, by and among Kyuden Sarulla Pte. Ltd., Orsarulla Inc., PT Medco Geopower Sarulla, Sarulla Operations Ltd, Sarulla Power Asset Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd., ING Bank N.V., Tokyo Branch, National Australia Bank Limited, Société Générale, Tokyo Branch, and Sumitomo Mitsui Banking Corporation, filed herewith.
- 10.10 ADB Facility Agreement, dated March 28, 2014, by and among Kyuden Sarulla Pte. Ltd., OrSarulla Inc., PT Medco Geopower Sarulla, Sarulla Operations Ltd, Sarulla Power Asset Limited and Asian Development Bank, filed herewith.

- 10.11 Ormat Equity Support Deed, dated March 28, 2014, by and among Ormat International, Inc., Ormat Holding Corp., OrPower 11 Inc., OrSarulla Inc., Sarulla Operations Ltd, Mizuho Bank, Ltd. and Mizuho Bank (USA), filed herewith.
- 31.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 31.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
- 32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
- 101.IN\* XBRL Instance Document.
- 101.SC\* XBRL Taxonomy Extension Schema Document.
- 101.CA\* XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DE\* XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LA\* XBRL Taxonomy Extension Label Linkbase Document.
- 101.PR\* XBRL Taxonomy Extension Presentation Linkbase Document.

**DATED 28 MARCH 2014**

**KYUDEN SARULLA PTE . LTD .  
ORSARULLA INC.,  
PT MEDCO GEOPOWER SARULLA  
SARULLA OPERATIONS LTD  
SARULLA POWER ASSET LIMITED**  
as the Borrower

**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
as JBIC

**MIZUHO BANK, LTD.**  
as the JBIC Facility Agent

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**JBIC FACILITY AGREEMENT**

relating to the

**SARULLA GEOTHERMAL POWER PROJECT**

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**LATHAM & WATKINS<sup>LLP</sup>**

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**THIS JBIC FACILITY AGREEMENT** (this *Agreement* ) is dated as of 28 March 2014 and made between:

- (1) **KYUDEN SARULLA PTE. LTD.** , a limited liability company established under the laws of Singapore whose registered head office is at 158 Cecil Street, #11-01, Singapore 069545 (the *Kyushu Borrower Entity* );
- (2) **ORSARULLA INC .**, an exempted company with limited liability incorporated in the Cayman Islands with registered number 186158 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the *Ormat Borrower Entity* );
- (3) **PT MEDCO GEOPower SARULLA** , a limited liability company established under the laws of the Republic of Indonesia whose registered head office is at The Energy Building 50th Floor SCBD Lot 11A Jl. Jend Sudirman Kav. 52-53, Jakarta 12190, Indonesia (the *Medco Borrower Entity* );
- (4) **SARULLA OPERATIONS LTD** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 196738 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the *Operator* );
- (5) **SARULLA POWER ASSET LIMITED** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 189923 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the *Itochu Borrower Entity* );
- (6) **JAPAN BANK FOR INTERNATIONAL COOPERATION** (together with its successors, *JBIC* ); and
- (7) **MIZUHO BANK, LTD .**, as facility agent for JBIC (in such capacity, the *JBIC Facility Agent* ).

**WHEREAS:**

- (A) The Borrower proposes to design, develop, engineer, procure, construct, erect, commission, test, operate and maintain a geothermal power plant and related facilities and assets in Sarulla, North Sumatra, Indonesia, with an aggregate plant rated capacity of up to 330 MW (net) and whose output will be sold to PLN.
- (B) The Borrower, JBIC and the other parties named therein have entered into the Common Terms Agreement dated as of the Signing Date (the *Common Terms Agreement* ) which, among other things, establishes common terms and conditions for the extension of credit to the Borrower in connection with the Project.
- (C) The Borrower has entered into the ADB Facility Agreement with ADB in certain capacities. Pursuant to the ADB Facility Agreement, on the terms and conditions contained therein, ADB (in a certain capacity) will provide Advances to the Borrower under the ADB Facility.
- (D) The Borrower has also entered into the Covered Lenders Facility Agreement with the Covered Lenders and the Covered Lenders Facility Agent. Pursuant to the Covered Lenders Facility Agreement, on the terms and conditions contained therein, the Covered Lenders will provide Advances to the Borrower under the Covered Lenders Facility, with such Advances being covered, pursuant to the EPRG, by JBIC with respect to certain political risks.

- (E) The Borrower has requested that JBIC extend credit to it in a maximum aggregate amount of USD492,000,000 the proceeds of which will be used by the Borrower in accordance with Clause 2.4 ( *Purpose* ) of the Common Terms Agreement and the applicable provisions of this Agreement.
- (F) JBIC has agreed to extend credit to the Borrower in a maximum aggregate amount of USD492,000,000 on the terms and conditions set out in the Common Terms Agreement and this Agreement with a view to assisting the successful implementation and completion of the Project.

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement, unless the context requires otherwise or unless otherwise defined in this Agreement, the following terms have the following meanings:

**Actual Amount** has the meaning given to it in Section 9.1 ( *Commitment Fee* ).

**Advance** means a loan made or to be made (as the context requires) by JBIC pursuant to this Agreement.

**Advance Procedures** means the procedures described in Section 5.2 ( *Advance Procedures* ) and Schedule 2 ( *Advance Procedures* ) or such other advance procedures as may be agreed between the Parties from time to time.

**Agreement** has the meaning given to it in the Preamble.

**Available Commitment** means, on any date, the JBIC Commitment on that date less the aggregate Principal Amount of all Advances made as of that date.

**Breakage Costs** has the meaning given to it in Section 7.7 ( *Breakage Costs* ).

**Bribery** means:

- (a) an act of any person intentionally to offer, promise, or give any commission, bribe, pay-off, kickback, pecuniary or other advantage, whether directly or through intermediaries, to any Public Official, for such Public Official or for a third party, in order that such Public Official act or refrain from acting in relation to the performance of official duties (including, any use of such Public Official's position, whether or not within such Public Official's authorized competence) in order to obtain or retain business or other improper advantage in the conduct of international business; or
- (b) an act of any person to receive (or enter into any agreement whereunder the same may or will at any time thereafter be received) any improper commission or any bribe, pay-off, kickback, pecuniary or other improper advantage with respect to the actual or potential award of a contract or other business to a third party.



**Commitment Fee** has the meaning given to it in Section 9.1(a) ( *Commitment Fee* ).

**Commitment Fee Payment Date** has the meaning given to it in Section 9.1(c) ( *Commitment Fee* ).

**Common Terms Agreement** has the meaning given to it in Recital (B).

**Conditions Precedent Documents** means all agreements, certificates, notices, instruments and other documents contemplated to be delivered by the Borrower or any other person pursuant to Clause 3.1 ( *Conditions Precedent to Delivery of First Drawdown Notices* ) and Clause 3.2 ( *Conditions Precedent to all Advances* ), as applicable, of the Common Terms Agreement and the Advance Procedures.

**Drawdown Notice** means a notice substantially in the form set out in Form 1 of Schedule 2 ( *Advance Procedures* ).

**Drawdown Schedule** means the initial schedule of Advances, set out in Annex A ( *Initial Drawdown Schedule* ) of Schedule 2 ( *Advance Procedures* ) attached hereto, and thereafter any amended schedule of Advances in the form set out in Form 3 of Schedule 2 ( *Advance Procedures* ) in accordance with Section 5.3 ( *Drawdown Schedule* ) and the Advance Procedures.

**Environmental and Social Undertakings** means the provisions of this Agreement relating to environmental or social matters, including but not limited to those matters set out in Section 11.5 ( *JBIC Additional Environmental Covenants* ).

**Estimated Expenditures** has the meaning given to it in Schedule 2 ( *Advance Procedures* ).

**First Advance** means the first Advance made available to the Borrower in accordance with the provisions of this Agreement.

**Interest Period** has the meaning given to it in Section 8.1 ( *Duration* ), except in relation to an Overdue Amount which period shall be determined in accordance with Section 8.5 ( *Overdue Interest* ) and the definition of “Overdue Interest Calculation Date”.

**Japanese Sponsors** means Itochu, Kyushu and any other Sponsor that is incorporated in Japan.

**JBIC Commitment** means the amount of USD492,000,000 to the extent not cancelled, reduced or transferred by it under the Common Terms Agreement and this Agreement.

**JBIC Environmental and Social Guidelines** means the Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations issued by JBIC, dated April 2012 and as in effect on the date of this Agreement.

**JBIC Event of Default** has the meaning given to it in Clause 12.2 ( *JBIC Events of Default* ).

**JBIC Facility** means the facility made available under this Agreement as described in Section 2.1 ( *The JBIC Facility* ).

**JBIC Facility Agent Fee Letter** means the Fee Letter entered into by the JBIC Facility Agent and the Borrower.

**JBIC Finance Parties** means, collectively, JBIC and the JBIC Facility Agent.

**JBIC Interest Rate** has the meaning given to it in Section 8.4(a) ( *Interest Rate* ).

**JBIC Reference Banks** means the principal London offices of The Bank of Tokyo-Mitsubishi UFJ, Ltd., ING Bank N.V., Mizuho Bank, Ltd., National Australia Bank Limited, Société Générale and Sumitomo Mitsui Banking Corporation, or such other financial institution as may be nominated by the JBIC Facility Agent in accordance with Section 8.7 ( *New JBIC Reference Bank* ).

**LIBOR** means with respect to any Advances made or to be made pursuant to this Agreement, in relation to an Interest Period for any Advance or overdue amount:

- (a) the applicable Screen Rate for the LIBOR Period; or
- (b) if no Screen Rate is available for the relevant LIBOR Period the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the JBIC Facility Agent, at its request quoted by the JBIC Reference Banks to leading banks in the London interbank market,

as of 11:00 a.m. (London time) two London Quotation Days before the first day of the Interest Period of such Advance or Overdue Amount for the offering of deposits in the currency of that Advance or Overdue Amount, provided that if any such rate is below zero (0), LIBOR will be deemed to be zero (0).

**LIBOR Period** means six (6) months with respect to any Interest Period or other relevant period, in each case without regard to the actual duration of such Interest Period or other period.

**Margin** means one point seven percent (1.7%) per annum.

**Monitoring Form** means a report, substantially in the form set out in Schedule 1 ( *Monitoring Form* ), prepared by the Borrower in form and substance satisfactory to JBIC, providing the information required to assess compliance with the JBIC Environmental and Social Guidelines and the Environmental and Social Undertakings and the status and implementation and results of the Environmental and Social Management Plan.

**Notice of Debt Service** means the notice served by the JBIC Facility Agent on the Borrower and Intercreditor Agent pursuant to Section 16.3 ( *Notice of Debt Service* ).

**Overdue Amount** has the meaning given to it in Section 8.5(a) ( *Overdue Interest* ).

**Overdue Floating Rate** has the meaning given to it in Section 8.5(b) ( *Overdue Interest* ).

**Overdue Interest** has the meaning given to it in Section 8.5(a) ( *Overdue Interest* ).

**Overdue Interest Calculation Date** has the meaning given to it in Section 8.5(c) ( *Overdue Interest* ).

**Overdue Period** has the meaning given to it in Section 8.5(a) ( *Overdue Interest* ).

**Party** means a party to this Agreement.

**Principal Amount** means at any time the principal amount of any outstanding Advances.

**Public Official** means any of:

- (a) any person holding a legislative, administrative or judicial office of any country (including, but not limited to, Indonesia), whether appointed or elected;
- (b) any person exercising a public function for any country (including, but not limited to, Indonesia), including for a public agency or public enterprises; and
- (c) any official or agent of a public international organization.

**Relevant Currency** has the meaning given to it in Section 27 ( *Relevant Currency* ).

**Relevant Month** has the meaning given to it in Section 9.1 ( *Commitment Fee* ).

**Repayment Date** has the meaning given to it in Section 7.1(a) ( *Repayment of Advances* )

**Repayment Instalment** has the meaning given to such term in Section 7.2 ( *Repayment Schedule* ).

**Repayment Schedule** means the table of the amounts of scheduled Repayment Instalments and their corresponding dates as set out in Schedule 3 ( *Repayment Schedule* ), as adjusted, amended or replaced pursuant to the terms of this Agreement.

**Requested Drawdown Date** has the meaning given to such term in the relevant Drawdown Notice.

**Retiring Agent** has the meaning given to it in Section 15.6(a) ( *Termination and resignation of the JBIC Facility Agent* ).

**Scheduled Amount** has the meaning given to it in Section 9.1 ( *Commitment Fee* ).

**Screen Rate** means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for US Dollars and the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the JBIC Facility Agent may specify another page or service displaying the relevant rate after consultation with the Borrower and JBIC.

**Senior Finance Parties** means the parties to the Senior Finance Documents.

**Signing Date** means the date of this Agreement.

**Statement of Expenditures** has the meaning given to it in Schedule 2 ( *Advance Procedures* ).

**Successor Agent** has the meaning given to it in Section 15.6(b) ( *Termination and resignation of the JBIC Facility Agent* ).

**Table of Advances** has the meaning given to it in Schedule 2 ( *Advance Procedures* ).

**Tax** means any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature (including, without limitation, stamp tax and similar charge) which is at the date of execution of this Agreement or thereafter imposed, levied, collected, withheld or assessed (a) in the Republic of Indonesia or by any Governmental Authority thereof or therein, (b) by any Governmental Authority (other than a Governmental Authority in or of Japan) purporting to exercise jurisdiction over the Borrower or its business or assets, or (c) in any state or country (other than Japan) from or through which the Borrower (or any agent on its behalf) makes any payment under any Senior Finance Document or otherwise performs any Senior Finance Document.

**Up-front Fee** has the meaning given to it in Section 9.2(a) ( *Up-front Fee* ).

## **1.2 Defined Terms in Common Terms Agreement**

Terms defined, or incorporated by reference, in the Common Terms Agreement have the same meaning when used in this Agreement unless otherwise defined in this Agreement or the context otherwise permits.

## **1.3 Construction and Interpretation**

The provisions of Clauses 1.2 ( *Construction* ), 1.3 ( *Successors and Assigns* ) and 1.4 ( *Miscellaneous* ) of the Common Terms Agreement are incorporated into this Agreement *mutatis mutandis* as if the same had been set out in full herein, except that each reference to the Common Terms Agreement shall be deemed to be a reference to this Agreement.

## **1.4 Incorporation by Reference**

Where provisions of the Common Terms Agreement are incorporated in this Agreement by reference, such provisions shall be incorporated into this Agreement *mutatis mutandis* as if the same had been set out in full herein, except that each reference to the Common Terms Agreements shall be deemed to be a reference to this Agreement.

## **1.5 Time**

Any reference in this Agreement to a time of day shall, unless a contrary indication appears, be a reference to Tokyo, Japan time.

## **1.6 Supremacy**

If there is any conflict between the terms of this Agreement and the terms of any other Senior Finance Document, except the Intercreditor Deed, the terms of this Agreement shall prevail.

## **1.7 Joint and Several Obligations**

- (a) Each Borrower Entity shall be jointly and severally liable as the Borrower for the performance of each Borrower Entity's obligations under this Agreement.
- (b) For the purposes of this Agreement, if one or more (but not all) Borrower Entities are aware of an event or circumstance, all Borrower Entities shall be considered to be aware of such event or circumstance.

## **1.8 Borrower Entities' Agent**

- (a) Each Borrower Entity (other than the Operator) by its execution of this Agreement irrevocably appoints the Operator (acting through one or more authorised signatories) to act on its behalf as its agent in relation to the Senior Finance Documents and irrevocably authorises:
  - (i) the Operator on its behalf to supply all information concerning itself contemplated by the Senior Finance Documents to the Senior Finance Parties and to give all notices and instructions (including Drawdown Notices), to execute on its behalf any deed of accession, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower Entity notwithstanding that they may affect the Borrower Entity, without further reference to or the consent of that Borrower Entity; and
  - (ii) each Senior Finance Party to give any notice, demand or other communication to that Borrower Entity pursuant to the Senior Finance Documents to the Operator,

and in each case the Borrower Entity shall be bound as though the Borrower Entity itself had given the notices and instructions (including, without limitation, any Drawdown Notice) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Operator or given to the Operator under any Senior Finance Document on behalf of another Borrower Entity or in connection with any Senior Finance Document (whether or not known to any Borrower Entity and whether occurring before or after such other Borrower Entity became a Borrower Entity under any Senior Finance Document) shall be binding for all purposes on that Borrower Entity as if that Borrower Entity had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Operator and any other Borrower Entity, those of the Operator shall prevail.

## **2. THE JBIC FACILITY**

### **2.1 The JBIC Facility**

JBIC agrees to make available to the Borrower from time to time during the Availability Period, on and subject to the terms and conditions of this Agreement, the Common Terms Agreement and the other Senior Finance Documents, a Dollar term loan facility in an aggregate principal amount not to exceed the JBIC Commitment.

### **3. PURPOSE**

#### **3.1 Purpose**

The Borrower shall apply the proceeds of all Advances in accordance with Clause 2.4 ( *Purpose* ) of the Common Terms Agreement. The Borrower agrees to use the proceeds of the Advances under the JBIC Facility only for such purpose.

#### **3.2 Monitoring**

No JBIC Finance Party shall be bound to monitor or verify the application of any amount advanced pursuant to this Agreement.

### **4. ELIGIBLE CURRENCY**

The currency in which JBIC shall make Advances and, except as otherwise provided in Section 27 ( *Relevant Currency* ), the currency in which the Borrower shall make payments to JBIC hereunder and under the Senior Finance Documents , shall be in Dollars. Unless otherwise specified in this Agreement, all payments to be made by the Borrower or any other person to either JBIC Finance Party under any Senior Finance Document shall be made in accordance with Section 16 ( *Payment Mechanics* ).

### **5. ADVANCES AND CONDITIONS PRECEDENT**

#### **5.1 Advances**

- (a) Subject to Section 5.1(b) ( *Advances* ), if the applicable conditions precedent referred to in Section 6 ( *Conditions Precedent* ) have been and remain satisfied, JBIC shall make Advances under the JBIC Facility in accordance with the Advance Procedures and the other applicable provisions of the Senior Finance Documents.
- (b) The Borrower acknowledges and agrees that JBIC shall not be obliged to make any Advance requested to be made under this Agreement if, in relation to that Advance, the Borrower fails to comply with the provisions of this Section 5, the Advance Procedures and the other terms of this Agreement and the Senior Finance Documents.

#### **5.2 Advance Procedures**

- (a) Advances shall not be made (or requested to be made):
  - (i) more often than once per calendar month; or
  - (ii) during the period falling ten (10) Business Days prior to any Interest Payment Date, provided that an Advance may be made on an Interest Payment Date.
- (b) Each Advance under the JBIC Facility shall be in a minimum amount of USD100,000 (unless the requested Advance is for the entire undrawn JBIC Commitment, in which case there shall be no such minimum amount requirement).

- (c) No Advance shall be made after the Availability Period and any part of the JBIC Commitment remaining undrawn:
- (i) on the last day of the Availability Period; or
  - (ii) if no Advance has been made under this Agreement by the date falling (6) months after the date of this Agreement, on such date, will be automatically cancelled.
- (d) In connection with each requested Advance under this Agreement, the JBIC Facility Agent shall, promptly upon receipt of any Drawdown Notice and any Conditions Precedent Documents required under Section 6.1 ( *Conditions Precedent to First Advance* ) or otherwise received in relation to that Advance but not otherwise distributed to or received by JBIC, forward a copy thereof to JBIC.
- (e) If JBIC determines that any applicable condition precedent is unsatisfied, it shall inform the JBIC Facility Agent of the reasons for such determination and the proposed course of action in respect of the First Advance. At the direction of JBIC, the JBIC Facility Agent shall notify the Intercreditor Agent of the results of such determination. The Borrower may not deliver a Drawdown Notice in respect of the First Advance and JBIC shall have no obligation in respect of the First Advance until the JBIC Facility Agent, acting in accordance with the instructions of JBIC, shall have notified the Intercreditor Agent (which shall have also notified the Covered Lenders Facility Agent and the Borrower) that (i) the conditions precedent referred to in Section 6.1 ( *Conditions Precedent to First Advance* ) have been satisfied, or (ii) if any condition precedent referred to in Section 6.1 ( *Conditions Precedent to First Advance* ) has not been satisfied, JBIC has waived such condition precedent.
- (f) If JBIC determines that any applicable condition precedent is not satisfied, it shall inform the JBIC Facility Agent of the reasons for such determination and the proposed course of action in respect of the requested Advance. At the direction of JBIC, the JBIC Facility Agent shall notify the Intercreditor Agent (and request the Intercreditor Agent to so notify the Borrower) of the results of such determination.
- (g) The obligation of JBIC to participate in any Advance (including the First Advance) is subject to the additional condition that, on both the date of the Drawdown Notice and the date of the Advance, the conditions precedent referred to in Section 6.1 ( *Conditions Precedent to First Advance* ) (in the case of the First Advance only) and Section 6.2 ( *Conditions Precedent to all Advances* ) have been and remain satisfied.
- (h) The JBIC Facility Agent shall retain copies of all documentation relating to each disbursed Advance for at least one (1) year after the expiry of the Availability Period and shall provide JBIC with such copies if JBIC shall so request.

### 5.3 Drawdown Schedule

- (a) Any Drawdown Schedule shall, save in relation to the calculation of the Commitment Fee, be non-binding on the Borrower and shall be for information purposes only.
- (b) In accordance with the Advance Procedures, the Borrower shall provide to the JBIC Facility Agent on the date of this Agreement and no later than each 24<sup>th</sup> day of March, June, September and December falling during the Availability Period a Drawdown Schedule in respect of at least the Advances scheduled for the next six (6) month period in the form set out in Form 3 of Schedule 2 ( *Advance Procedures* ) attached hereto.
- (c) The Borrower shall also provide to the JBIC Facility Agent a revised Drawdown Schedule in accordance with Section 9.1(b) ( *Commitment Fee* ).
- (d) A Drawdown Schedule provided to the JBIC Facility Agent in accordance with Clauses (a) to (c) above, shall, subject to JBIC's prior written consent (such consent to be given save where there is a manifest error), be substituted for and incorporated into this Agreement for all purposes as the Drawdown Schedule within the Availability Period and shall substitute and replace the Drawdown Schedule out in Annex A ( *Initial Drawdown Schedule* ) of Schedule 2 ( *Advance Procedures* ) attached hereto. If a Drawdown Schedule provided to the JBIC Facility Agent is not consented to by JBIC (while acting reasonably) in accordance with the previous sentence, the Borrower shall be entitled to resubmit a revised Drawdown Schedule to rectify any manifest error therein, failing which the Commitment Fee shall be calculated on the basis of the most recent Drawdown Schedule consented to by JBIC.

## 6. CONDITIONS PRECEDENT

### 6.1 Conditions Precedent to First Advance

The obligation of JBIC to make its First Advance shall be subject to the fulfilment in a manner satisfactory to JBIC, prior to or concurrently with the making of such first Advance, of the requirements set out in Clauses 3.1 ( *Conditions Precedent to Delivery of First Drawdown Notices* ) and 3.3 ( *Hedging Agreements* ) of the Common Terms Agreement.

### 6.2 Conditions Precedent to all Advances

The obligation of JBIC to make any Advance (including its First Advance) shall be subject to the fulfilment in a manner satisfactory to JBIC, prior to or concurrently with the making of such Advance:

- (a) if in relation to any Advance other than the First Advance, of the conditions precedent set forth in Clauses 3.2 ( *Conditions Precedent to all Advances* ) and 3.4 ( *Top-Up Advances* ) of the Common Terms Agreement, which conditions precedent are incorporated by reference herein as if fully set forth herein;
- (b) of the relevant conditions set out in Schedule 2 ( *Advance Procedures* ); and
- (c) of the requirement that funds are advanced in accordance with Clause 2.3(c) ( *Drawdowns* ) of the Common Terms Agreement.



### 6.3 No waivers

- (a) No course of dealing or waiver by either JBIC Finance Party in connection with any condition to making an Advance shall impair any right, power or remedy of either JBIC Finance Party with respect to any other condition to making an Advance or be construed to be a waiver thereof, nor shall the action of either JBIC Finance Party in respect of any Advance affect or impair any right, power or remedy of either JBIC Finance Party in respect of any other Advance.
- (b) Without prejudice to the generality of Section 6.3(a) ( *No waivers* ), the right of either JBIC Finance Party to require compliance with any condition under this Agreement which may be waived by either JBIC Finance Party in respect of any Advance under this Agreement is expressly preserved for the purpose of any subsequent Advance.

## 7. REPAYMENT AND PREPAYMENT OF THE ADVANCES

### 7.1 Repayment of Advances

- (a) The Borrower shall repay to JBIC the outstanding Advances in semi-annual instalments (each, a ***Repayment Instalment*** ) on the dates (each a ***Repayment Date*** ) and in the amounts set out in the Repayment Schedule.
- (b) Repayment Instalments must be made in order to effect receipt by JBIC for value on the relevant Repayment Date in accordance with Section 16.1 ( *Place and time of payment* ).
- (c) Notwithstanding anything to the contrary in this Agreement, all outstanding Advances must be repaid in full on or before the Final Maturity Date.
- (d) The Borrower may not re-borrow any part of an Advance which is repaid or prepaid.

### 7.2 Repayment Schedule

- (a) If:
  - (i) less than the full amount of the JBIC Commitment is disbursed under this Agreement and the remainder of the JBIC Commitment is reduced to zero or otherwise cancelled at the end of the Availability Period, then the Repayment Schedule shall be adjusted by deducting the amount of such reduction or cancellation *pro rata* (in line with the relevant percentage figures set out in the Repayment Schedule) from each of the Repayment Instalments; or
  - (ii) any portion of the JBIC Facility is prepaid in accordance with this Agreement and the Common Terms Agreement, then the Repayment Schedule shall be adjusted by deducting the amount of such prepayment from each of the Repayment Instalments either in inverse order of maturity or on a *pro rata* basis (in line with the relevant percentage figures set out in the Repayment Schedule), as expressly required by the Common Terms Agreement, provided that, each Repayment Instalment shall be rounded up to the nearest multiple of USD1,000 and the aggregate amount of any increases resulting from such adjustments shall be deducted from the final Repayment Instalment.

- (b) If any adjustment to the Repayment Schedule is required pursuant to paragraph (a) above, the JBIC Facility Agent shall promptly (and in any event no later than ten (10) Business Days after such event) prepare and deliver to JBIC, the Borrower and the Intercreditor Agent (to forward to ADB and the Covered Lenders Facility Agent) an amended Repayment Schedule, and such amended Repayment Schedule shall replace the then-effective Repayment Schedule and, in the absence of manifest or computational error, bind the Borrower irrevocably and unconditionally to repay the Advances in accordance therewith.
- (c) The JBIC Facility Agent may from time to time make any reasonable amendment to the Repayment Schedule to adjust the amount of any Repayment Instalments so as to achieve whole numbers in each case as provided in Section 7.2(a) above.
- (d) Any failure by the JBIC Facility Agent to prepare or deliver an amended Repayment Schedule shall not affect the Borrower's obligation to make any repayment in accordance with the provisions of this Agreement and the Common Terms Agreement.

### **7.3 Voluntary prepayments**

Except as expressly provided in, and otherwise in accordance with, Clause 5.2 ( *Voluntary Prepayment* ) of the Common Terms Agreement, the Borrower may not make any voluntary prepayment of all or any part of the Advances.

### **7.4 Mandatory prepayments**

The Borrower shall make mandatory prepayments of the Advances as and when required pursuant to, and otherwise in accordance with, Clause 5.3 ( *Mandatory Prepayments* ) of the Common Terms Agreement.

### **7.5 Cancellation**

Except as expressly provided in, and otherwise in accordance with, Clause 5.1 ( *Cancellation* ) of the Common Terms Agreement, the Borrower may not reduce, suspend or cancel the JBIC Commitment. JBIC may reduce, suspend or cancel its JBIC Commitment as provided in this Agreement and in the Common Terms Agreement.

### **7.6 Prepayment premium**

If the Borrower makes a voluntary prepayment of the Advances in accordance with Clause 5.2 ( *Voluntary Prepayment* ) of the Common Terms Agreement, the Borrower shall, without limiting Section 17.2 ( *Specific indemnities* ) of this Agreement or the Borrower's obligations under Clause 5.4 ( *Miscellaneous* ) of the Common Terms Agreement, also pay to JBIC, for JBIC's sole account, simultaneously with such prepayment, a prepayment premium equal to one half of one per cent (0.5%) of the Principal Amount so prepaid.

## 7.7 Breakage Costs

If the Borrower makes a repayment or a prepayment of any Advance on a date other than an Interest Payment Date, the Borrower shall compensate JBIC for any loss, cost or expense, including without limitation any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits of other funds acquired by JBIC to fund or maintain such Advance, attributable to such repayment or prepayment (the amount of such loss, cost and expense being referred to herein as **Breakage Costs** in an amount, determined by JBIC, equal to the amount by which:

- (a) the interest that JBIC would have received on the Principal Amount so prepaid for the period from the date of such prepayment to the next Interest Payment Date,  
  
exceeds,
- (b) the amount that JBIC would be able to obtain by placing an amount equal to the amount received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt and ending on the next Interest Payment Date.

## 8. INTEREST

### 8.1 Duration

- (a) Subject to the following provision of this Clause 8 ( *Interest* ), the Interest Period for each Advance made under this Agreement shall begin on (and include) an Interest Payment Date and end on (and include) the day immediately before the next following Interest Payment Date, except that the first Interest Period for each Advance shall begin on (and include) the date on which that the Advance is made and end on (and include) the day immediately before the next following Interest Payment Date.
- (b) If an Interest Period for an Advance would otherwise overrun the Final Maturity Date, it shall be shortened so that it ends on the Final Maturity Date.

### 8.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

### 8.3 Consolidation of Senior Loans

If the Interest Periods for more than one Advance made to the Borrower under the JBIC Facility end on the same date, those Advances will be consolidated into, and treated as, a single Advance under the JBIC Facility on the last day of the Interest Period.

### 8.4 Interest Rate

- (a) The Borrower shall pay interest on the Advances for the relevant Interest Period at the rate determined by the JBIC Facility Agent and confirmed by JBIC to be the applicable LIBOR for such Interest Period plus the applicable Margin (the **JBIC Interest Rate** ). Such interest shall be paid in arrears in order to effect receipt by JBIC for value on each Interest Payment Date in accordance with Section 16.1 ( *Place and time of payment* ). The JBIC Facility Agent shall promptly, after each determination of the applicable rate, notify the Borrower of such rate; provided that the failure of the JBIC Facility Agent to deliver any such notice or any error therein shall not in any manner affect the obligation of the Borrower to pay accrued and unpaid interest on each Advance in accordance with the terms of this Agreement.

- (b) The JBIC Facility Agent shall determine LIBOR for the relevant Interest Period and shall, in accordance with Section 8.4(a) ( *Interest Rate* ), determine the JBIC Interest Rate applicable to that Interest Period and, promptly after the London Quotation Date for such Interest Period, the JBIC Facility Agent shall notify the Borrower and JBIC of such rate. The Borrower agrees that all computations of interest by the JBIC Facility Agent shall be conclusive in the absence of manifest error.
- (c) No later than fourteen (14) days prior to each Interest Payment Date, the JBIC Facility Agent shall calculate and notify the Borrower and JBIC in accordance with Section 16.3 ( *Notice of Debt Service* ) of the amount of accrued and unpaid interest scheduled to be due and payable on such Interest Payment Date; provided that the failure of the JBIC Facility Agent to deliver any such notice or any error therein shall not in any manner affect the obligation of the Borrower to pay accrued and unpaid interest on the Advances in accordance with the terms of this Agreement.
- (d) All interest accruing on amounts outstanding under the JBIC Facility shall accrue from day to day and be computed on the basis of the actual number of days elapsed, from and including the first day to but excluding the last day of the relevant period, and a three hundred and sixty (360) day year or, in any case where the practice in the London interbank market differs, in accordance with that practice.

## 8.5 Overdue Interest

- (a) If the Borrower fails to pay, at or before 11:00 a.m., Tokyo time, on the due date for payment, any principal, interest and/or any other amount, including the Up-front Fee or Commitment Fee, due and payable in respect of the JBIC Facility (hereinafter referred to as an **Overdue Amount** ), the Borrower shall pay to JBIC interest ( **Overdue Interest** ), to the fullest extent permitted by Applicable Laws, on such Overdue Amount for each day at the rate which is equal to the Overdue Floating Rate (as defined below) plus the applicable Margin plus two per cent (2%) per annum for the period from and including the due date thereof up to and including the day immediately preceding the date of actual receipt by JBIC thereof in Tokyo in accordance with Section 16.1 ( *Place and time of payment* ) (hereinafter referred to as the **Overdue Period** ). Such Overdue Interest shall accrue after, as well as before, judgment and in accordance with Section 20.3 ( *Basis of calculation* ). Such interest shall be due and payable upon demand by JBIC (whether directly or through the JBIC Facility Agent) from time to time in lieu of interest at the rate stipulated in Section 8.4 ( *Interest Rate* ) during the Overdue Period.

- (b) The **Overdue Floating Rate** means the Screen Rate at approximately 11:00 a.m. (London time) on the Overdue Interest Calculation Date (as defined below) for the Overdue Amount.
- (c) The **Overdue Interest Calculation Date** means the day which is two (2) London Quotation Days prior to:
  - (i) the day on which the Overdue Amount becomes due and payable (for the period from and including such due date up to but excluding the immediately succeeding Interest Payment Date (or in the case where such period includes the date of actual receipt of the payment by JBIC, up to but excluding such date)); and
  - (ii) each succeeding Interest Payment Date thereafter (for the subsequent period from and including such Interest Payment Date up to but excluding the immediately succeeding Interest Payment Date (or in the case where such period includes the date of actual receipt of the payment by JBIC, up to but excluding such date)).
- (d) The JBIC Facility Agent will promptly notify the Borrower and JBIC of the Overdue Floating Rate; provided that the Borrower's obligation to pay such Overdue Interest shall not be conditional upon notification of the relevant rate to the Borrower by the JBIC Facility Agent and such determination by the JBIC Facility Agent shall be conclusive absent manifest error.
- (e) Payment of any Overdue Interest by the Borrower in accordance with Section 8.5(a) ( *Overdue Interest* ) above shall not prejudice the right of JBIC or the JBIC Facility Agent to exercise any other of its rights or claims under this Agreement or the other Senior Finance Documents, at law or otherwise, to remedy any such failure to pay any amount on the due date for payment under this Agreement, the Common Terms Agreement or any Senior Finance Document.

#### **8.6 Absence of quotations**

Subject to Section 8.8 ( *Market Disruption* ), if LIBOR is to be determined by reference to the JBIC Reference Banks but a JBIC Reference Bank does not supply a quotation by 12:00 noon (London time) on the London Quotation Date therefor, the applicable LIBOR shall be determined on the basis of the quotations of the remaining JBIC Reference Banks.

#### **8.7 New JBIC Reference Bank**

The JBIC Facility Agent may, at any time, with the prior consent or at the instruction of JBIC, and after consultation with the Borrower, replace any JBIC Reference Bank.

#### **8.8 Market Disruption**

If a Market Disruption Event occurs in relation to an Advance for any Interest Period, then the rate of interest on the Advances for that Interest Period shall be calculated in accordance with Clause 10 ( *Market Disruption* ) of the Common Terms Agreement.

## 9. FEES

### 9.1 Commitment Fee

- (a) Subject to paragraph (b) below, the Borrower shall pay to JBIC a commitment fee (the **Commitment Fee**) in Dollars in an amount equal to one-half of one percent (0.5%) per annum on the amount of each Advance that is scheduled to be made under the JBIC Facility within a particular calendar month ( **Relevant Month** ) in accordance with the Drawdown Schedule (as set out in Form 3 of Schedule 2 ( *Advance Procedures* ) attached hereto, subject to any substitution or replacement thereof from time to time in accordance with Section 5.3 ( *Drawdown Schedule* ) of this Agreement, but (i) not made on the Drawdown Date scheduled within the Relevant Month in accordance with the Drawdown Schedule, and/or (ii) not made in the amount of the Advance scheduled to be made within the Relevant Month in accordance with the Drawdown Schedule; provided that (as may be relevant):
- (i) in the case where, within the Relevant Month, the Borrower requests an Advance to made under the JBIC Facility in the same amount as is set out in the Drawdown Schedule (in this sub-paragraph (i), the **Scheduled Amount** ) but on a date within the Relevant Month that is either later than or earlier than the Drawdown Date scheduled under the Drawdown Schedule) such Commitment Fee shall be calculated in respect of the Scheduled Amount, and shall accrue with respect to the number of days from and including the Drawdown Date scheduled under the Drawdown Schedule (but upon which no Advance was actually made) to and including the actual date upon which such Advance is made within the Relevant Month; and/or
  - (ii) in the case where, within the Relevant Month, the Borrower requests an Advance to made under the JBIC Facility for an amount (the **Actual Amount** ) that is either greater than or less than the amount scheduled for such Advance within the Relevant Month in accordance with the Drawdown Schedule (in this sub-paragraph (ii), the **Scheduled Amount** ), such Commitment Fee shall be calculated in respect of the amount which is the absolute difference between (x) the Actual Amount, and (y) the Scheduled Amount, and shall accrue for one (1) day only; or
  - (iii) in the case where the Borrower does not request an Advance to made under the JBIC Facility within the Relevant Month as scheduled under the Drawdown Schedule, such Commitment Fee shall be calculated in respect of the amount scheduled for such Advance within the Relevant Month in accordance with the Drawdown Schedule, and shall accrue for one (1) day only,

**provided further that** if in any Relevant Month an Advance is made in a manner in which each of paragraphs (i ) and (ii ) of this Section 9 .1 would apply, the Borrower shall pay to JBIC a Commitment Fee that shall be equal to the aggregate of the amounts required to be so paid under both such paragraphs.

- (b) Notwithstanding paragraph (a) above, no Commitment Fee shall be payable by the Borrower in respect of:
- (i) any Advance made in accordance with the then-current Drawdown Schedule; or
  - (ii) any amount by which the JBIC Commitment is reduced or any amount of the JBIC Commitment that is cancelled, in either case prior to the Relevant Month and in accordance with Section 7.5 ( *Cancellation* ). In the case where any of the events referred to in Clause (ii) of this paragraph (b) occur, the Borrower shall promptly submit to the JBIC Facility Agent a revised Drawdown Schedule in accordance with Section 5.3 ( *Drawdown Schedule* ).
- (c) Any accrued Commitment Fee shall be payable on each Interest Payment Date (whether or not an Advance is outstanding) and, if the JBIC Facility is terminated or cancelled in full (except through utilisation of the full JBIC Commitment), on the cancelled amount of the JBIC Facility at the time the termination or cancellation becomes effective (each, a **Commitment Fee Payment Date** ), provided that the first Commitment Fee Payment Date shall be 24 September 2014.
- (d) No later than fourteen (14) days prior to each Commitment Fee Payment Date or other relevant date, as the case may be, or any later date agreed between JBIC and the JBIC Facility Agent, the JBIC Facility Agent shall calculate and notify JBIC and the Borrower, simultaneously, of the amount of the Commitment Fee due and payable on such Commitment Fee Payment Date or other relevant date, as the case may be; provided, however, that the failure of the JBIC Facility Agent to deliver any such notice or any error therein shall not in any manner affect the obligation of the Borrower to pay the Commitment Fee in accordance with the terms of this Agreement.

## 9.2 Up-front Fee

- (a) The Borrower shall pay to JBIC an up-front fee (the **Up-front Fee** ) in an amount in Dollars equal to one-tenth of one percent (0.1%) of the JBIC Commitment (as of the Signing Date).
- (b) The Up-Front Fee shall be payable on the earlier of:
- (i) fifth Business Day after the First Drawdown Date; and
  - (ii) the date that occurs sixty (60) days after the Signing Date.

## 9.3 Agency fee

The Borrower shall pay to the JBIC Facility Agent an agency fee in the amounts and at the intervals as set forth in the JBIC Facility Agent Fee Letter.

## 10. REPRESENTATIONS AND WARRANTIES

### 10.1 Representations and warranties

The Borrower represents and warrants for the benefit of JBIC that:

- (a) each of the representations and warranties set forth in Clause 13 ( *Representations and Warranties* ) of the Common Terms Agreement, which representations and warranties are incorporated by reference herein as if fully set forth herein, is true and accurate in all material respects;

- (b) the Borrower and the Project are in all respects in compliance with the JBIC Environmental and Social Guidelines; and
- (c) no Equity Party, any Affiliate thereof, nor any employee, director, officer or representative of any of the foregoing has engaged in or permitted any act of Bribery in connection with the Project or any Transaction Document.

## **10.2 Repetition**

The representations and warranties made under Section 10.1 ( *Representations and warranties* ) shall be repeated in accordance with, and at the times set out in, Clause 13.29 ( *Representations and Warranties* ) of the Common Terms Agreement.

## **10.3 Reliance**

The Borrower acknowledges and agrees that it has made the representations and warranties in this Section 10 to induce each of the JBIC Finance Parties to enter into this Agreement and to approve and make the Advances on the basis of, and in full reliance on, each of such representations and warranties.

## **11. COVENANTS**

### **11.1 Common Terms Agreement**

The Borrower covenants and agrees that it will perform and observe for the benefit of JBIC each of the covenants set forth in Clauses 14 ( *Hedging* ), 15 ( *Information Undertakings* ), 16 ( *General Undertakings* ), 17 ( *Equity-Related Undertakings* ), 18 ( *Project Undertakings* ), 19 ( *Environmental and Social Undertakings* ) and 20 ( *Project Insurance* ) of the Common Terms Agreement and all other undertakings of the Borrower set forth in the Common Terms Agreement and the other Senior Finance Documents to which it is a party.

### **11.2 Consultation**

The Borrower shall, from time to time, at the reasonable request of the JBIC Facility Agent and/or JBIC, consult with the JBIC Facility Agent and/or JBIC as to the implementation and administration of this Agreement, the other Senior Finance Documents and the Project.

### **11.3 Records**

The Borrower shall retain or cause to be retained until the Final Maturity Date all records, contracts, orders, invoices, bills, receipts and other documents evidencing the expenditures for which the Advances are requested in accordance with Section 5 ( *Advances and Conditions Precedent* ) and Section 6 ( *Conditions Precedent* ).



#### 11.4 Confidentiality

Without limiting its obligations under Clause 30 ( *Disclosure of Information* ) of the Common Terms Agreement, the Borrower shall treat this Agreement as confidential and shall not disclose to any person, other than to the Senior Finance Parties and their advisors, any provision of, or information regarding, this Agreement without the prior written consent of JBIC, except disclosure to the Equity Parties and the Equity Parties' advisers, auditors and potential shareholders (on a similar confidential basis) or to the extent that such disclosure is required by Applicable Laws or pursuant to any regulatory or stock exchange requirements.

#### 11.5 JBIC Additional Environmental Covenants

The Borrower agrees with and for the benefit of JBIC that:

- (a) the Borrower shall ensure that at all times the Project and the Borrower comply in all respects with the JBIC Environmental and Social Guidelines and the Environmental and Social Undertakings;
- (b) without prejudice to Section 12.2 ( *JBIC Events of Default* ), the Borrower shall notify JBIC (with a copy to the JBIC Facility Agent and the Intercreditor Agent) as soon as possible, but in any event within ten (10) Business Days, of becoming aware of any fact, event, circumstance or condition that has or would be reasonably capable of giving rise to any non-compliance with the JBIC Environmental and Social Guidelines or the Environmental and Social Undertakings relating to the Project or the Borrower and such notice shall include a reasonable description of the fact, event, circumstance or condition detailing the extent, magnitude, impact and cause of such fact, event, circumstance or condition together with any corrective or remedial actions taken or proposed to be taken with respect to such fact, event, circumstance or condition;
- (c) without prejudice to Section 12.2 ( *JBIC Events of Default* ), if JBIC has reasonable grounds to believe that any of the Major Project Parties, with respect to the Project, or the Borrower or the Project has failed to comply with either the JBIC Environmental and Social Guidelines or the Environmental and Social Undertakings, the Borrower shall:
  - (i) permit JBIC to perform an independent audit with respect to environmental or social matters in relation to the Project and the Borrower to confirm compliance with the JBIC Environmental and Social Guidelines and other Environmental and Social Laws and the Environmental and Social Undertakings (as the case may be) and to identify any adverse impacts, risks or liabilities with respect to environmental or social matters that have not been adequately mitigated or compensated; and
  - (ii) if so required by JBIC, in its absolute discretion, prepare a corrective action plan, at the Borrower's cost and in form and substance satisfactory to JBIC (in its absolute discretion), to correct any identified non-compliance or deficiency in the compliance with the JBIC Environmental and Social Guidelines or the Environmental and Social Undertakings, whereupon the Borrower shall implement such corrective action plan;

- (d) the Borrower shall, at the reasonable request of JBIC, use best efforts to ensure that discussions are held among the Borrower, PLN, PGE and the stakeholders of the Project (including local residents and non-governmental organizations affected by the Project) to discuss environmental and social matters connected to the Project;
- (e) when the co-operation of any Governmental Authority is required by Applicable Laws or is otherwise necessary or desirable for the Project or the Borrower to comply with the JBIC Environmental and Social Guidelines or the Environmental and Social Undertakings, the Borrower shall use best efforts to enter into arrangements satisfactory to JBIC with the relevant Governmental Authority;
- (f) the Borrower shall implement and maintain an environmental monitoring program which monitors the Project's compliance, and the compliance by the Borrower with respect to the Project, with the JBIC Environmental and Social Guidelines and the Environmental and Social Undertakings, including compliance with each of the terms set forth in the Monitoring Form (in the form of Schedule 1 ( *Monitoring Form* )) and shall deliver a copy of such Monitoring Form, in form and substance satisfactory to JBIC, as shall include the terms contained in Schedule 1 ( *Monitoring Form* ) on a semi-annual basis no later than thirty (30) days after the end of June and December (or such other dates as the Borrower and JBIC may agree) of each year, together with such other items as may be reasonably requested from time to time by JBIC with respect to compliance with all applicable JBIC Environmental and Social Guidelines and the Environmental and Social Undertakings;
- (g) the Borrower shall implement and maintain the Environmental and Social Management Plan in accordance with the Common Terms Agreement and shall, simultaneously upon delivery to the Intercreditor Agent, deliver to JBIC a copy of any report prepared pursuant to Clause 15.4 ( *Construction and Drilling Progress Reports* ) or Clause 15.6 ( *Operation Reports* ) of the Common Terms Agreement together with such other items as may be reasonably requested from time to time by JBIC with respect to compliance with all applicable JBIC Environmental and Social Guidelines and Environmental and Social Undertakings;
- (h) without limiting Clause 19 ( *Environmental and Social Undertakings* ) of the Common Terms Agreement, the Borrower shall permit representatives of JBIC to visit the Plant and Project Site for the purpose of environmental monitoring and cooperate with them in the environmental monitoring; provided that:
  - (i) any such visits by representatives of JBIC shall be coordinated so as to minimize disruption to the Borrower's activities and be subject to reasonable notice and during normal business hours; and
  - (ii) the representatives of JBIC visiting the Plant and the Project Site agree to comply with any relevant health and safety regulations during their visit; and
- (i) the Borrower shall provide JBIC with prompt notice of any material claim by any local resident or non-governmental organization in connection with the Project (with a copy to the JBIC Facility Agent and the Intercreditor Agent).

## **11.6 Business practices**

- (a) The Borrower shall not itself, and shall ensure that none of the Borrower Entities of any their officers, employees, representatives, agents or persons acting on behalf of any of them:
- (i) commits, or attempts or conspires to commit, any act of Bribery;
  - (ii) aids, abets or authorizes any act of Bribery by any other person; or
  - (iii) requests, receives or attempts to receive any undue pecuniary or other advantage offered, given or promised by any person as any act of Bribery,
- in each case, directly or indirectly in connection with the Project or any transaction contemplated by the Transaction Documents.
- (b) The Borrower shall use its reasonable efforts to procure that no Major Project Party (or any Affiliate or any subsidiary thereof) or any officer, employee, representative or agent of, or any person acting on behalf of, such person:
- (i) commits, or attempts or conspires to commit, any act of Bribery;
  - (ii) aids, abets or authorizes any act of Bribery by any other person; or
  - (iii) requests, receives or attempts to receive any undue pecuniary or other advantage offered, given or promised by any person as any act of Bribery,
- in each case, directly or indirectly in connection with the Project or any transaction contemplated by the Transaction Documents.
- (c) The Borrower shall, promptly upon becoming aware thereof, inform JBIC of any act of Bribery by any person in connection with the Project or any transaction contemplated by the Transaction Documents.

## **11.7 Business Day Reporting**

At least thirty (30) days prior to the start of each calendar year from and including 2015 until the year of the Final Maturity Date, the Borrower shall provide the JBIC Facility Agent and JBIC a list of each day of such calendar year in which banks are not open for business in (i) Jakarta, Indonesia, (ii) Manila, Philippines and (iii) Singapore, and in the event that the Borrower becomes aware that such information provided ceases to be accurate for any reason, the Borrower shall promptly notify the JBIC Facility Agent and JBIC of such change and provide the JBIC Facility Agent and JBIC with such updates and other relevant information as may be reasonably requested by the JBIC Facility Agent and JBIC.

## **12. EVENTS OF DEFAULT**

### **12.1 Common Terms Agreement**

Clause 21 ( *Events of Default* ) of the Common Terms Agreement is incorporated by reference into this Agreement as if fully set forth herein. The Events of Default set out in Clause 21 ( *Events of Default* ) of the Common Terms Agreement shall each constitute an event of default under this Agreement. On and at any time after the occurrence of an Event of Default which is subsisting, JBIC may (acting in accordance with, and subject to the terms of, the Intercreditor Deed), by written notice to the Intercreditor Agent, instruct it to exercise one (1) or more of the remedies set out in Clause 21 ( *Events of Default* ) of the Common Terms Agreement in respect of the JBIC Facility.

## 12.2 JBIC Events of Default

Anything in this Section 12 ( *Events of Default* ) or any other Senior Finance Document to the contrary notwithstanding, and in addition to and without limiting the effect of Clause 21 ( *Events of Default* ) of the Common Terms Agreement, if a JBIC Event of Default shall have occurred and be subsisting, JBIC shall have the right to declare that all or any part of the JBIC Commitment is cancelled, whereupon it shall forthwith be cancelled, and/or declare that all or any part of the amounts outstanding in respect of the JBIC Facility are immediately due and payable, whereupon the same shall forthwith become due and payable and the Borrower shall prepay all Advances .

Each of the following events or circumstances shall constitute a ***JBIC Event of Default*** :

- (a) the representation and warranty in Section 10.1(b) or (c) ( *Representations and warranties* ) is incorrect when made or repeated;
- (b) the Borrower fails, in JBIC's judgment after consultation with the Borrower for up to ten (10) Business Days, to perform or comply with any of the JBIC Environmental and Social Guidelines or the Environmental and Social Undertakings;
- (c) the Borrower fails to comply with any of its obligations under Section 11.6 ( *Business practices* ); or
- (d) a Japanese Sponsor fails to comply with any of its obligations under:
  - (i) Clause 8 ( *Ownership Restrictions* ) of its Equity Support Deed, or
  - (ii) Clause 11.6 ( *O&M Role of the Sponsors incorporated in Japan* ) of its Equity Support Deed,

and any such event is to be considered an ***Event of Default*** for all purposes of this Agreement.

## 13. CHANGES TO THE JBIC FINANCE PARTIES

### 13.1 Assignments and transfers by JBIC

- (a) JBIC may assign and/or transfer, as applicable, any of its claims against the Borrower, rights and obligations under this Agreement pursuant to Clause 28 ( *Changes to the Parties* ) of the Common Terms Agreement.
- (b) On the transfer date with respect to any such assignment and/or transfer, the assignee or transferee shall become a Party as a Senior Lender in the capacity of JBIC.

### **13.2 Sub-participation**

JBIC may grant sub-participations in the JBIC Commitment or the Advances to other persons on such terms and conditions as shall be determined by JBIC.

## **14. CHANGES TO THE BORROWER**

The Borrower may not assign any of its rights or transfer any of its rights or obligations under this Agreement.

## **15. THE JBIC FACILITY AGENT**

### **15.1 Appointment**

(a) JBIC, in respect of the JBIC Facility:

- (i) appoints Mizuho Bank, Ltd., to act as JBIC Facility Agent under and in connection with this Agreement and the other Senior Finance Documents; and
- (ii) irrevocably authorizes the JBIC Facility Agent for and on its behalf to exercise the rights, powers and discretions which are specifically delegated to it by the terms of this Agreement and (to the extent not inconsistent with this Agreement) the other Senior Finance Documents, together with all rights, powers and discretions which are incidental thereto and to give a good discharge for any monies payable under this Agreement and the other Senior Finance Documents.

By executing this Agreement, the JBIC Facility Agent accepts such appointment.

- (b) The JBIC Facility Agent will act solely as agent for JBIC in carrying out its functions as agent under this Agreement and the other Senior Finance Documents.
- (c) The relationship between JBIC and the JBIC Facility Agent is that of principal and agent only. The JBIC Facility Agent shall not have, nor be deemed to have, assumed any obligations to, or a trust or fiduciary relationship with, the other Senior Finance Parties or the Borrower, other than those for which specific provision is made by this Agreement or the other Senior Finance Documents.

### **15.2 JBIC Facility Agent's duties**

The JBIC Facility Agent shall:

- (a) send to JBIC details of each communication delivered to the JBIC Facility Agent by the Borrower, any Major Project Party, any other Senior Finance Party or any advisor for the Senior Finance Parties or sent by the JBIC Facility Agent to the Borrower, any Major Project Party, any other Senior Finance Party or any advisor for the Senior Finance Parties under any Senior Finance Document as soon as reasonably practicable after receipt or dispatch;

- (b) upon request by the Borrower, the Borrower's auditors or JBIC, prepare and deliver to the requesting party, with a copy to JBIC, a certificate of the aggregate Principal Amounts, together with all interest accruing thereon and other amounts owing in connection therewith;
- (c) act in accordance with any instructions from JBIC, or, if so instructed by JBIC, refrain from exercising a right, power or discretion vested in it under this Agreement or any other Senior Finance Document;
- (d) have only those duties, obligations and responsibilities expressly specified in the Senior Finance Documents;
- (e) promptly notify JBIC if it becomes aware of the occurrence of any Default;
- (f) deliver a Notice of Debt Service in accordance with Section 16.3 ( *Notice of Debt Service* ); and
- (g) keep confidential any information supplied to it by or on behalf of any person in connection with the Senior Finance Documents; provided that the JBIC Facility Agent shall be entitled to disclose information:
  - (i) which is publicly available, other than as a result of a breach by the JBIC Facility Agent of this Section 15.2(g);
  - (ii) in connection with any legal or arbitration proceedings;
  - (iii) if required to do so under any law or regulation;
  - (iv) to a governmental, banking, taxation or other regulatory authority;
  - (v) to its professional advisers; and
  - (vi) to another Finance Party.

### **15.3 JBIC Facility Agent's rights**

In discharging its duties as JBIC Facility Agent, the JBIC Facility Agent may:

- (a) except as expressly provided to the contrary herein or in any Senior Finance Document, refrain from exercising any right, power or discretion vested in it under the Senior Finance Documents until it has received instructions from JBIC;
- (b) refrain from doing anything which would or might in its opinion be contrary to any Applicable Law, regulation or judgment of any court of any jurisdiction or otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with any such Applicable Law, regulation or judgment;
- (c) assume that no Default has occurred, unless specifically so notified by the Borrower or another Finance Party or an officer of the JBIC Facility Agent acting in respect of this Agreement and acting in his capacity as such acquires actual knowledge to the contrary;

- (d) rely on any communication or document believed by it to be genuine and correct and assume that any communication or document has been communicated or signed by the person by whom it purports to be communicated or signed;
- (e) rely as to any matter of fact which might reasonably be expected to be within the knowledge of the Borrower or any Major Project Party in a statement by or on behalf of the Borrower or such Major Project Party; and
- (f) obtain and pay for any legal or other expert advice or services which may seem necessary or desirable to it and rely on any such advice.

#### **15.4 Exoneration of the JBIC Facility Agent**

Neither the JBIC Facility Agent nor any of its personnel or agents shall be:

- (a) responsible for the adequacy, accuracy or completeness of any representation, warranty, statement or information in this Agreement or any other Senior Finance Document or any notice or other document delivered under any Senior Finance Document;
- (b) except as provided above, responsible for the execution, delivery, validity, legality, adequacy, enforceability or admissibility in evidence of any Senior Finance Document;
- (c) obliged to enquire as to the occurrence or continuation of a Default or as to the accuracy or completeness of any representation or warranty made by the Borrower or any Major Project Party under any Senior Finance Document;
- (d) responsible for any failure of the Borrower or JBIC to duly and punctually observe and perform their respective obligations under any Senior Finance Document;
- (e) responsible for the consequence of relying on the advice of any professional advisers selected by any of them in connection with any Senior Finance Document;
- (f) liable for acting (or refraining from acting) in what it believes to be in the best interest of JBIC in circumstances where it has been unable, or it is not practicable, to obtain the instructions of JBIC; or
- (g) liable for anything done or not done by it under or in connection with any Senior Finance Document,

unless directly caused by its own gross negligence or wilful misconduct.

#### **15.5 Authorization**

The JBIC Facility Agent is authorized by JBIC to execute, deliver and perform each of the Senior Finance Documents relating to each of them to which the JBIC Facility Agent is or is intended to be a party at the instruction of JBIC.

## 15.6 Termination and resignation of the JBIC Facility Agent

- (a) The JBIC Facility Agent (a **Retiring Agent** ) may, with the prior written consent of JBIC, resign its appointment at any time by giving notice to JBIC and the Borrower; provided that such resignation shall not be effective until appointment of a Successor Agent (as defined below).
- (b) A successor JBIC Facility Agent (a **Successor Agent** ) shall be selected by JBIC (acting in consultation with the Borrower so long as no Event of Default is continuing).
- (c) JBIC may at any time (in consultation with the Borrower so long as no Event of Default is continuing) by thirty (30) days' prior notice to the JBIC Facility Agent and the Borrower terminate the appointment of the JBIC Facility Agent and appoint a Successor Agent.
- (d) The resignation of the Retiring Agent and the appointment of the Successor Agent will become effective only upon the Successor Agent's accepting its appointment as JBIC Facility Agent, at which time:
  - (i) the Successor Agent will become bound by all the obligations of the JBIC Facility Agent and entitled to all the rights, privileges, powers, authorities and discretions of the JBIC Facility Agent under the Senior Finance Documents;
  - (ii) the agency of the Retiring Agent will terminate (but without prejudice to any liabilities which the Retiring Agent may have incurred prior to the termination of its agency); and
  - (iii) the Retiring Agent will be discharged from any further liability or obligation under or in connection with the Senior Finance Documents (except that the Retiring Agent shall pay to the Successor Agent a *pro rata* proportion of the agency fee referred to in Section 9.3 ( *Agency fee* ) for the twelve (12)-month period in relation to which that agency fee was most recently paid).
- (e) The Retiring Agent will cooperate with the Successor Agent in order to ensure that its functions are transferred to the Successor Agent without disruption to the service provided to the Borrower and JBIC and will, as soon as practicable following the Successor Agent's appointment, make available to the Successor Agent the documents and records which have been maintained in connection with the Senior Finance Documents in order that the Successor Agent is able to discharge its functions.
- (f) The provisions of this Agreement will continue in effect for the benefit of any Retiring Agent in relation to any actions taken or omitted to be taken by it or any event occurring before the termination of its agency.
- (g) The Borrower will execute such agreements as JBIC and the Retiring Agent shall require in order to effect the appointment of a Successor Agent for all purposes under the Senior Finance Documents.



### **15.7 The JBIC Facility Agent individually**

- (a) If the JBIC Facility Agent is a Senior Lender, the JBIC Facility Agent shall have the same rights and powers under this Agreement and the other Senior Finance Documents as any other Senior Lender and may exercise those rights and powers as if it were not also acting as the JBIC Facility Agent.
- (b) The JBIC Facility Agent may:
  - (i) retain for its own benefit and without liability to account any fee or other amount receivable by it for its own account; and
  - (ii) accept deposits from, lend money to, provide any advisory, trust or other services to or engage in any kind of banking or other business with any Party or any subsidiary of any Party (and, in each case, may do so without liability to account).

### **15.8 Non-reliance on the JBIC Facility Agent**

JBIC confirms that it is (and will at all times continue to be) solely responsible for making its own independent investigation and appraisal of the business, operations, financial condition, creditworthiness, status and affairs of the Borrower and has not relied, and will not at any time rely, on the JBIC Facility Agent:

- (a) to provide it with any information relating to the business, operations, financial condition, creditworthiness, status and affairs of the Borrower, whether coming into its possession before or after the making of any Advance, except as specifically provided otherwise in this Agreement;
- (b) to check or enquire into the adequacy, accuracy or completeness of any information provided by the Borrower under or in connection with any Senior Finance Document (whether or not that information has been or is at any time circulated to it by the JBIC Facility Agent); or
- (c) to assess or keep under review the business, operations, financial condition, creditworthiness, status or affairs of the Borrower.

### **15.9 JBIC's liability**

The JBIC Facility Agent acknowledges and agrees that, notwithstanding any provision to the contrary in any Senior Finance Document, in no event shall JBIC be obligated to pay any agency or other fee to the JBIC Facility Agent even if the Borrower fails to do so, and in no event shall JBIC have any payment obligations (including reimbursement obligations or indemnification obligations) to the JBIC Facility Agent.

## **16. PAYMENT MECHANICS**

### **16.1 Place and time of payment**

- (a) Notwithstanding anything to the contrary in the Common Terms Agreement or any other Senior Finance Document, all payments to be made by the Borrower under this Agreement shall be made in USD or, if Section 27 ( *Relevant Currency* ) is applicable, the Relevant Currency and shall be transferred in USD or the Relevant Currency, as the case may be, in immediately available and freely transferable funds to the accounts specified in accordance with Sections 16.1(b)(i) and (ii) ( *Place and time of payment* ) for value on their respective due dates.

- (b) Until further notice in writing from JBIC, the account details of JBIC and the JBIC Facility Agent for the purposes of the Senior Finance Documents are:
- (i) JBIC's U.S. Dollar Account
- Account Name: Japan Bank for International Cooperation
- Reference: Head Office (Swift: BOTKJPJT)
- Bank: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Account No: 0897375
- (ii) JBIC Facility Agent's U.S. Dollar Account
- Account Name: Mizuho Bank, Ltd, Singapore Branch
- Bank: JP Morgan Chase Bank, New York
- Bank SWIFT Code: CHASUS33
- Account Number: 400928140
- Account SWIFT Code: MHCBGSGG
- Attention: GSFD PF Agency - Sarulla
- (c) All payments required to be made by the Borrower under this Agreement shall be deemed to be made "for value" when they are received in USD or the Relevant Currency in the case of Section 27 ( *Relevant Currency* ), and in immediately available and freely transferable funds no later than 11:00 a.m. (Tokyo time) on the applicable due date which is a Business Day and made:
- (i) in the case of payments to JBIC, to its account set out in Section 16.1(b)(i) ( *Place and time of payment* );
- (ii) in the case of payments of fees and other amounts for the benefit of the JBIC Facility Agent, to its account set out in Section 16.1(b)(ii) ( *Place and time of payment* ).
- (d) Any payment under this Agreement that is received for value after 11:00 a.m. (Tokyo time) on the relevant due date shall be deemed to have been received on the immediately succeeding Business Day and Overdue Interest shall accrue and be payable upon any payment so made.
- (e) If the amount of any payment made by the Borrower hereunder is less than the total amount due and payable as of the date on which such payment is actually made, then the Borrower shall be deemed to have waived any right which it may have to direct the application thereof and JBIC may apply the payment so made in or towards the satisfaction of any or all of the amounts which are due or overdue for payment on such day in the order decided upon by JBIC.

## **16.2 Records**

The JBIC Facility Agent shall retain copies of all documentation relating to each payment of principal, interest accruing thereon and other amounts payable by the Borrower under this Agreement for at least one (1) year after all amounts outstanding under this Agreement have been paid in full .

## **16.3 Notice of Debt Service**

No later than fourteen (14) days prior to each Interest Payment Date or Repayment Date, the JBIC Facility Agent shall prepare and deliver to the Borrower, JBIC and the Intercreditor Agent a notice setting out the amount of fees and expenses (including but not limited to, for the avoidance of doubt, Commitment Fees and Up-front Fees), interest, principal and other amounts due and payable to JBIC on such Interest Payment Date or Repayment Date or otherwise due and payable prior to the scheduled delivery of the next such notice. Notwithstanding the foregoing, the obligation of the Borrower to pay any amount when due under this Agreement is not affected in any way by the failure (for whatever reason) on the part of the JBIC Facility Agent to deliver any such notice in the manner specified above or by any error in such a notice.

## **17. INDEMNITIES**

### **17.1 Currency indemnity**

Clause 25.1 ( *Currency Indemnity* ) of the Common Terms Agreement is incorporated herein by reference as if fully set forth herein.

### **17.2 Specific indemnities**

The Borrower shall, in addition to any indemnities provided for in the Common Terms Agreement, within five (5) Business Days of demand, indemnify JBIC against any cost, loss or liability incurred by JBIC as a result of:

- (a) the occurrence of any Default (including investigations into such event);
- (b) any information provided by or on behalf of an Equity Party relating to the Project or the transactions contemplated by the Transaction Documents being misleading, incomplete and/or deceptive in any material respect;
- (c) a failure by the Borrower to (i) pay any amount due under a Senior Finance Document on its due date or in the relevant currency, including, without limitation, any cost, loss or liability arising as a result of Clause 8.1 ( *Pro Rata Sharing* ) of the Intercreditor Deed, or (ii) make any prepayment in accordance with any notice of prepayment delivered to the Intercreditor Agent, the JBIC Facility Agent or any Senior Lender;
- (d) funding, or making arrangements to fund, its participation in the Principal Amounts requested by the Borrower in a Drawdown Notice but not made, whether as a result of the failure to satisfy any applicable conditions or otherwise, other than by reason of gross negligence or wilful misconduct by JBIC alone (and for the avoidance of doubt such cost, loss or liability shall include without limitation any cost, loss or liability incurred by reason of the liquidation or reemployment of deposits of other funds acquired by JBIC to fund or maintain such Advance);

- (e) any prepayment (other than on a Repayment Date in accordance with Clause 5.2 ( *Voluntary Prepayment* ) of the Common Terms Agreement), acceleration, termination, reduction or cancellation (other than as a result of the Borrower's failure to issue a Drawdown Notice with respect to any portion of the JBIC Facility by the expiry of the Availability Period) of all or any portion of the JBIC Facility; or
- (f) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorized.

### **17.3 Bank charges and fees**

The Borrower shall pay or shall cause to be paid and shall indemnify JBIC and the JBIC Facility Agent against all banking charges and fees (including remittance fees), if any, incurred in connection with the JBIC Facility or any Advance hereunder or the payment, repayment or prepayment of principal, interest, fees or any other amounts payable to JBIC and the JBIC Facility Agent under the Senior Finance Documents. JBIC may deduct from any Advance an amount equal to the banking charges and fees (including remittance fees) incurred in connection with such Advance and apply the amount deducted in or towards payment of the banking charges and fees (including remittance fees) incurred. No such deduction shall be deemed to reduce the amount of such Advance.

### **17.4 General indemnity**

- (a) The Borrower shall, within five (5) Business Days of demand, indemnify each JBIC Finance Party against any cost, expense, loss or liability (including legal fees) incurred by or awarded against that JBIC Finance Party in each case arising out of or in connection with any action, claim, investigation or proceeding commenced or threatened (including, without limitation, any action, claim, investigation or proceeding to preserve or enforce rights) in relation to:
  - (i) the use of the proceeds of the JBIC Facility;
  - (ii) any Senior Finance Document; and/or
  - (iii) the JBIC Environmental and Social Guidelines and the Environmental and Social Undertakings.
- (b) The Borrower will not be liable under Section 17.4(a) ( *General indemnity* ) above for any cost, expense, loss or liability (including without limitation legal fees) incurred by or awarded against a JBIC Finance Party if that cost, expense, loss or liability results directly from any breach by that JBIC Finance Party of any Senior Finance Document which is in each case finally judicially determined to have resulted directly from the gross negligence or wilful misconduct of that JBIC Finance Party.

- (c) The Borrower agrees that no JBIC Finance Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Equity Party or Affiliate thereof in connection with anything referred to in Section 17.4(a) ( *General indemnity* ) except for any cost, expense, loss or liability incurred by the Borrower that results directly from any breach by such JBIC Finance Party of any Senior Finance Document to which it is a party which is in each case finally judicially determined to have resulted directly from the gross negligence or wilful misconduct of that JBIC Finance Party.
- (d) Notwithstanding Section 17.4(c) ( *General indemnity* ) above, no JBIC Finance Party shall be responsible or have any liability to the Borrower, any Major Project Party or anyone else for consequential losses or damages.

#### **17.5 Tax indemnity**

- (a) If the Borrower is required to make a payment to JBIC (or any agent on its behalf) under any Senior Finance Document subject to the deduction or withholding of Tax, the sum payable by the Borrower in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, JBIC receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.
- (b) Without prejudice to the provisions of Section 17.5(a), if JBIC (or any agent on its behalf) is required to make any payment on account of Tax or otherwise on or in relation to any sum received or receivable under any Senior Finance Document by JBIC (or any agent on its behalf) or any liability in respect of any such payment is asserted, imposed, levied or assessed against JBIC (or any agent on its behalf), the Borrower shall, upon demand of JBIC, promptly indemnify such Person against such actual and direct payment or liability, together with any interest, penalties and expenses actually payable or incurred directly in connection therewith.
- (c) The Borrower shall pay or cause to be paid and shall indemnify JBIC against:
  - (i) all court taxes, stamp, registration or filing duties or other fees, expenses or taxes and any penalties or interest with respect thereto which may be imposed by any Applicable Law or Governmental Authority in connection with the execution, performance, delivery, registration or enforcement (including, without limitation, the admissibility in evidence) of any Senior Finance Document or obtaining or enforcing any judgment or award given in respect thereof; and
  - (ii) any other taxes, costs, expenses or fees in relation to the obligations of the Borrower to JBIC (or any agent on its behalf) as specified in the Senior Finance Documents.
- (d) Within ten (10) days after the date of any payment of Tax by the Borrower in respect of a deduction or withholding referred to in Section 17.5(a), the Borrower shall furnish to the JBIC Finance Parties the original or a certified copy of a receipt evidencing payment thereof. The Borrower shall compensate each JBIC Finance Party for all reasonable losses and expenses sustained by such JBIC Finance Party as a result of any failure by the Borrower to so furnish such copy of such receipt.

**17.6 Survival of obligations**

The obligations of the Borrower under this Section 17 ( *Indemnities* ) shall survive the termination of this Agreement and the repayment of the Senior Secured Liabilities.

**18. BENEFIT OF AGREEMENT**

This Agreement shall be binding upon and shall inure to the benefit of each Party and its subsequent respective permitted successors, permitted transferees and permitted assigns; provided that the Borrower may not assign any or all of its rights or obligations hereunder to any Person in any manner whatsoever without the prior written consent of JBIC.

**19. NOTICES**

**19.1 Communications in writing**

Any communication to be made under or in connection with this Agreement shall be made in accordance with Clause 34 (Notices) of the Common Terms Agreement.

**19.2 Delivery**

This Agreement may be referred to as the “JBIC Loan to Sarulla Project” in communications between the Borrower and the JBIC Finance Parties, as well as in relevant documents.

**19.3 English language**

- (a) Any notice given under or in connection with this Agreement must be in English.
- (b) All other documents provided under or in connection with this Agreement must be:
  - (i) in English; or
  - (ii) if not in English, unless the JBIC Facility Agent otherwise agrees, accompanied by a certified English translation and, in this case, the translation will prevail unless the document is a constitutional, statutory or other official document.
- (c) Notwithstanding the foregoing, the JBIC Facility Agent and JBIC may agree that certain communications (including those referred to in Section 5.2 ( *Advance Procedures* ) and Schedule 2 ( *Advance Procedures* )) may be made in the Japanese language.

## **20. CALCULATIONS AND CERTIFICATES**

### **20.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with this Agreement, the entries made in the accounts maintained by a JBIC Finance Party are *prima facie* evidence of the matters to which they relate.

### **20.2 Certificates and determinations**

Any certification or determination by a JBIC Finance Party of a rate or amount under this Agreement is, in the absence of manifest or computational error, conclusive evidence of the matters to which it relates.

### **20.3 Basis of calculation**

- (a) Any interest, commission or fee accruing under this Agreement will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of three hundred sixty (360) days.
- (b) In making any calculation of the aggregate amount of any interest, fee, overdue interest or other amounts due hereunder on any Interest Payment Date or other relevant date, fractional sums of less than one (1) U.S. cent shall be disregarded.

## **21. SEVERABILITY**

If any term, provision, covenant or condition of this Agreement, or the application thereof to the Parties or any circumstance, is held to be unenforceable, invalid or illegal (in whole or in part) for any reason (in any jurisdiction), the remaining terms, provisions, covenants and conditions hereof, modified by the deletion of the unenforceable, invalid or illegal portion (in any relevant jurisdiction), will continue in full force and effect, and such unenforceability, invalidity or illegality will not otherwise affect the enforceability, validity or legality of the remaining terms, provisions, covenants and conditions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the Parties as to the subject matter hereof and the deletion of such portion of this Agreement will not substantially impair the respective expectations of the Parties or the practical realization of the benefits hereof that would otherwise be conferred. Each Party will endeavour in good faith negotiations with each other Party to replace the prohibited or unenforceable provision with a valid provision, the economic effect of which comes as close as possible to that of the prohibited or unenforceable provision.

## **22. REMEDIES AND WAIVERS**

A failure or delay in exercising any right, power or privilege, on the part of either JBIC Finance Party, in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or of the exercise of any other right, power or privilege. The remedies provided in this Agreement and in any other agreement or instrument referred to herein are cumulative, are not exclusive of any remedies provided by law and may be exercised by any JBIC Finance Party from time to time.

**23. COUNTERPARTS**

This Agreement (and each amendment, modification and waiver in respect hereof) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

**24. AMENDMENTS**

**24.1 Written form**

No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Borrower herefrom, shall in any event be effective unless the same shall be in writing and signed by the Parties, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. For this purpose (and without limiting any similar provisions contained in any other Senior Finance Document) any amendment or waiver which is made in writing by the JBIC Facility Agent at the written direction of JBIC shall be binding on all JBIC Finance Parties.

**24.2 Required consents**

Subject to Section 24.3 ( *Exceptions* ), any term of this Agreement may be amended or waived only with the consent of the Borrower and JBIC and any such amendment or waiver will be binding on all Parties.

**24.3 Exceptions**

An amendment or waiver which relates to the rights or obligations of the JBIC Facility Agent may not be effected without the consent of the JBIC Facility Agent.

**25. GOVERNING LAW**

This Agreement, and all non-contractual obligations arising out of or in connection with this Agreement, are governed by English law.

**26. DISPUTE RESOLUTION**

Clause 36 ( *Dispute Resolution* ) of the Common Terms Agreement is incorporated by reference in this Agreement as if fully set forth herein.

**27. RELEVANT CURRENCY**

Notwithstanding anything in the Senior Finance Documents to which a JBIC Finance Party is a party to the contrary, all amounts payable hereunder by the Borrower in respect of any tax, duty, penalty, fee, expense, charge, interest, loss, cost or liability shall be payable in the currency in which such tax, duty, penalty, fee, expense, charge, interest, loss, cost or liability is denominated or, if JBIC shall so request (solely in respect of amounts owing to JBIC), in Yen or USD at the current exchange rate specified by the relevant JBIC Finance Party acting reasonably (such currency or Yen or USD, as the case may be, being the **Relevant Currency** ).



**28. NO THIRD PARTY BENEFICIARIES**

Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement may not enforce any of its terms under the Contract (Right of Third Parties) Act 1999. Notwithstanding any term of this Agreement or any other Senior Finance Document, no consent of any third party is required for any amendment to any provision of this Agreement.

**29. ENGLISH LANGUAGE**

Without limiting Clause 35 ( *Language* ) of the Common Terms Agreement:

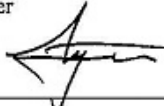
- (a) the Parties hereto agree that the English language version of this Agreement shall be controlling for all purposes; and
- (b) the Borrower expressly agrees not to use any existence or absence of, or any purported deficiency in, any translation of this Agreement or any other Transaction Document as a defence to the performance of any of its obligations hereunder or thereunder in any lawsuit, arbitration or other legal proceeding, whether at law or in equity, arising out of or related to this Agreement or any other Transaction Document.

**IN WITNESS WHEREOF** , each of the Parties listed below has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**SIGNATORIES**

**KYUDEN SARULLA PTE. LTD.**

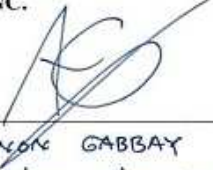
as Borrower

By: 

Name : Takashi Tajiri

Title : Director

**ORSARULLA INC.**  
as Borrower

By:   
Name : ~~AMNON~~ GABBAY  
Title : Authorised Signatory



**PT MEDCO GEOPOWER SARULLA**  
as Borrower

By:   
Name : NOOK W. HIYU HIOH  
Title : DIRECTOR



SARULLA OPERATIONS LTD  
as Borrower

By: 

Name : Takao Shindohara

Title : Authorized Signatory

**SARULLA POWER ASSET LIMITED**  
as Borrower

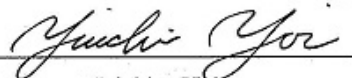
By:   [Signature]  

Name : Tsuyoshi Ofada

Title : Director



**JAPAN BANK FOR INTERNATIONAL  
COOPERATION**

By: 

Name : Yuichiro Yoi

Title : Deputy Director,

Division 2, Power and Water Finance Department,

Infrastructure Finance Group



**MIZUHO BANK, LTD.**  
as JBIC Facility Agent

By: 

Name : Yukitaka Tsukahara

Title : General Manager of Asia Department

## SCHEDULE 1

### MONITORING FORM

**Name of Project**

Sarulla Geothermal Power Generation Project

**Completion Date of This Form**

Year Month Date

**Monitoring Period**

☐ From ☐ Year    Month    Date    ☐ To ☐ Year    Month    Date

**Progress of Project**

Construction Phase / Operational Phase

| Progress of Project | Category required by JBIC                                                   |
|---------------------|-----------------------------------------------------------------------------|
| Construction Phase  | EIA and Environmental Permits / Ecosystem and biota / Living and Livelihood |
| Operational Phase   | EIA and Environmental Permits / Ecosystem and biota / Living and Livelihood |

**Notes**

☐ e.g. grievance from local people and NGO ☐

**EIA and Environmental Permits**

| Monitoring Item                                                           | Monitoring Results during Report Period                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Conditions attached to EIA approval by Competent Authority (7 conditions) | Please provide information with all conditions listed and briefly describe compliance status of those conditions attached to the EIA (7 conditions).<br><br>Describe the situation and measures taken if delays/complications in implementation of the conditions are identified.  |
| Completion of Biodiversity Action Plan                                    | Has this plan been completed? : Yes / No<br>If "Yes", please provide the information of the completion date (DD/MM/YYYY). Please submit a copy of the final plan together with this monitoring form.<br>If "No", please provide the expected completion date of the plan: MM/YYYY. |

|                                                      |                                                         |                                   |
|------------------------------------------------------|---------------------------------------------------------|-----------------------------------|
| Any issues regarding Monitoring Item mentioned above | <input type="checkbox"/> Reasons/Background Information | <input type="checkbox"/> Measures |
|------------------------------------------------------|---------------------------------------------------------|-----------------------------------|

**Opposition Situation**

| Monitoring Item                                                                                   | Monitoring Results during Report Period                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Result of a conciliatory agreement with plaintiffs regarding the withdraw request of EIA approval | Please provide the result or current status of a conciliatory agreement with plaintiffs regarding the withdraw request of EIA approval.<br><br>If any issue has arisen and the project proponent has to take any countermeasure, please report a content of the issue and any countermeasure taken. |

|                                                      |                                                         |                                   |
|------------------------------------------------------|---------------------------------------------------------|-----------------------------------|
| Any issues regarding Monitoring Item mentioned above | <input type="checkbox"/> Reasons/Background Information | <input type="checkbox"/> Measures |
|------------------------------------------------------|---------------------------------------------------------|-----------------------------------|

**Ecosystem and biota**

| Monitoring Item                                         | Monitoring Results during Report Period                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impacts on protected species in/around the project site | Are there any problems regarding impacts on protected species pointed out by the Federal/Local authority? Yes/No<br>If yes, please describe the outline of the problems and measures taken.<br><br>Has any protected species found in/around the project site? Yes/No<br>If yes, please report the countermeasure taken by the project proponent. |

|                                                      |                                                         |                                              |
|------------------------------------------------------|---------------------------------------------------------|----------------------------------------------|
| Any issues regarding Monitoring Item mentioned above | <input type="checkbox"/> Reasons/Background Information | <input type="checkbox"/> Mitigation Measures |
|------------------------------------------------------|---------------------------------------------------------|----------------------------------------------|

**Living and Livelihood**

**1. Project Site**

**1-1 Land Acquisition**

| Object Area                                                   | Progress of Land Acquisition                                                                            |        |                                                |                                                                                                         |                                    |        |                               |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------|------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------|--------|-------------------------------|
|                                                               | Number of Area/People<br>subject for Land Acquisition                                                   |        | Number of People agreed on<br>Land Acquisition |                                                                                                         | Number of Area/People<br>completed |        | Planned date<br>of completion |
|                                                               | Area (m <sup>3</sup> )                                                                                  | People | Plan                                           | Current Status                                                                                          | Area(m <sup>3</sup> )              | People |                               |
| SIL Area                                                      |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| - Power Plant                                                 |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| - Access Road                                                 |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| - Other                                                       |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
|                                                               |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| NIL Area                                                      |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| - Power Plant                                                 |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| - Access Road                                                 |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| - Other                                                       |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| - Wellpad<br>Connection                                       |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
|                                                               |                                                                                                         |        |                                                |                                                                                                         |                                    |        |                               |
| If there is a delay in<br>the progress of land<br>acquisition | <input type="checkbox"/> Reasons/Background Information<br><input type="checkbox"/> Mitigation Measures |        |                                                |                                                                                                         |                                    |        |                               |
| Any issues except<br>delay of land<br>acquisition             | <input type="checkbox"/> Contents of Issues                                                             |        |                                                | <input type="checkbox"/> Reasons/Background Information<br><input type="checkbox"/> Mitigation Measures |                                    |        |                               |

1-2 Compensation

|                        |  |  |  |
|------------------------|--|--|--|
| Method of Compensation |  |  |  |
|------------------------|--|--|--|

| Object Area                                         | Progress of Compensation                                                                                |                                                                                                         |                            |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------|
|                                                     | Number of people who are supposed to be compensated                                                     | Number of people who have obtained compensation                                                         | Planned date of completion |
| SIL Area                                            |                                                                                                         |                                                                                                         |                            |
| - Power Plant                                       |                                                                                                         |                                                                                                         |                            |
| - Access Road                                       |                                                                                                         |                                                                                                         |                            |
| - Other                                             |                                                                                                         |                                                                                                         |                            |
|                                                     |                                                                                                         |                                                                                                         |                            |
| NIL Area                                            |                                                                                                         |                                                                                                         |                            |
| - Power Plant                                       |                                                                                                         |                                                                                                         |                            |
| - Access Road                                       |                                                                                                         |                                                                                                         |                            |
| - Other                                             |                                                                                                         |                                                                                                         |                            |
| - Wellpad Connection                                |                                                                                                         |                                                                                                         |                            |
|                                                     |                                                                                                         |                                                                                                         |                            |
| If there is a delay in the progress of compensation | <input type="checkbox"/> Reasons/Background Information<br><input type="checkbox"/> Mitigation Measures |                                                                                                         |                            |
| Any issues except delay of compensation             | <input type="checkbox"/> Contents of Issues                                                             | <input type="checkbox"/> Reasons/Background Information<br><input type="checkbox"/> Mitigation Measures |                            |

2. Transmission Line  
2-1 Land Easement

| Progress of Land Easement                               |                                                                                                         |        |                                          |                                                                                                         |                                 |        |                            |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------|------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------|--------|----------------------------|
| Object Area                                             | Number of Area/People subject for Land Easement                                                         |        | Number of People agreed on Land Easement |                                                                                                         | Number of Area/People completed |        | Planned date of completion |
|                                                         | Area (m <sup>3</sup> )                                                                                  | People | Plan                                     | Current Status                                                                                          | Area(m <sup>3</sup> )           | People |                            |
|                                                         |                                                                                                         |        |                                          |                                                                                                         |                                 |        |                            |
|                                                         |                                                                                                         |        |                                          |                                                                                                         |                                 |        |                            |
|                                                         |                                                                                                         |        |                                          |                                                                                                         |                                 |        |                            |
|                                                         |                                                                                                         |        |                                          |                                                                                                         |                                 |        |                            |
|                                                         |                                                                                                         |        |                                          |                                                                                                         |                                 |        |                            |
|                                                         |                                                                                                         |        |                                          |                                                                                                         |                                 |        |                            |
| If there is a delay in the progress of land acquisition | <input type="checkbox"/> Reasons/Background Information<br><input type="checkbox"/> Mitigation Measures |        |                                          |                                                                                                         |                                 |        |                            |
| Any issues except delay of land acquisition             | <input type="checkbox"/> Contents of Issues                                                             |        |                                          | <input type="checkbox"/> Reasons/Background Information<br><input type="checkbox"/> Mitigation Measures |                                 |        |                            |

2-2 Compensation

| Method of Compensation                              |                                                                                                         |                                                 |                            |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------|
| Object Area                                         | Progress of Compensation                                                                                |                                                 |                            |
|                                                     | Number of people who are supposed to be compensated                                                     | Number of people who have obtained compensation | Planned date of completion |
|                                                     |                                                                                                         |                                                 |                            |
|                                                     |                                                                                                         |                                                 |                            |
|                                                     |                                                                                                         |                                                 |                            |
|                                                     |                                                                                                         |                                                 |                            |
|                                                     |                                                                                                         |                                                 |                            |
|                                                     |                                                                                                         |                                                 |                            |
| If there is a delay in the progress of compensation | <input type="checkbox"/> Reasons/Background Information<br><input type="checkbox"/> Mitigation Measures |                                                 |                            |



**Information Disclosure**

|                                                                                   |                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Are the results of environmental monitoring disclosed? ( Yes / No )</b></p> | <p><b>If yes, please provide URL or Monitoring reports.</b></p> <p><input type="checkbox"/> URL :</p> <p><b>JBIC will disclose URL or Monitoring reports on our website, unless disagreement expressed.</b></p> |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## SCHEDULE 2

### ADVANCE PROCEDURES

Advances under this Agreement shall be made in accordance with the following procedures and the applicable provisions of this Agreement and the Common Terms Agreement:

**General :** All Advances shall be requested and paid in accordance with the procedures set out below.

**Drawdown Notice :**

- (a) The Borrower shall submit a Drawdown Notice to the Intercreditor Agent, JBIC and the JBIC Facility Agent at least ten (10) days on which banks are generally open for business in Tokyo, Japan prior to the Requested Drawdown Date.
- (b) The Drawdown Notice must be signed by the Borrower and:
  - (i) specify:
    - (A) a Requested Drawdown Date which shall be a Business Day within the Availability Period in compliance with Section 5.2(c) ( *Advance Procedures* );
    - (B) except for the Final Advance, that the amount of the requested Advance shall not be less than USD100 ,000;
    - (C) the amount of the Equity, and the specific amounts of Contingent Equity, being contributed in connection with the Requested Drawdown Date as well as the amount of the advances under the Senior-1 Facilities and the Senior-2 Facilities being advanced in connection with the Requested Drawdown Date (if any);
    - (D) the total Principal Amount of the JBIC Facility, outstanding under the JBIC Facility Agreement after giving effect to the Advance on such Requested Drawdown Date;
    - (E) that the proceeds of the JBIC Facility shall be applied to only such Project Costs as are permitted under the JBIC Facility Agreement; and
    - (F) that the Advances under the JBIC Facility and the advances under the other Senior-1 Facilities and, if applicable, the Senior-2 Facilities are each being made in accordance with Clause 2.3 ( *Drawdowns* ) of the Common Terms Agreement;
  - (ii) subject to Section 5.2(b) ( *Advance Procedures* ), specify a principal amount for the requested Advance which when aggregated with all other Advances made under this Agreement, will not exceed the JBIC Commitment; and
  - (iii) be accompanied by a duly completed and signed statement of expenditures (substantially in the form attached as Schedule 1 ( *Statement of Expenditures* ) to the Drawdown Notice) (the **Statement of Expenditures** ) and additional or supplemental documents as JBIC may reasonably request no later than the Requested Drawdown Date.

- (c) The Statement of Expenditures shall include all expenditures paid or payable by the Borrower proposed to be funded from the requested Advance. The Statement of Expenditures may include the expenditures that are scheduled to be paid by the Borrower to the Major Project Parties or other persons in respect of the Project during a period of up to sixty (60) days after the Requested Drawdown Date ( ***Estimated Expenditures*** ); provided that, should any Statement of Expenditures include Estimated Expenditures, the Borrower shall submit to JBIC (with a copy to the JBIC Facility Agent) a revised relevant Statement of Expenditures within ten (10) days after such period.
- (d) A Drawdown Notice, once given, is irrevocable.

**Currency** : In the event that any expenditures shown in a Statement of Expenditures are incurred in a currency other than USD, such amounts shall be converted into USD, as applicable, at a rate of exchange reasonably chosen by the Borrower and used by the Borrower for the preparation of its financial statements, as set forth in the Statement of Expenditures.

**Documents** : The Drawdown Notice, Statement of Expenditures and related documents shall be reviewed by JBIC as to their compliance with the provisions of this Agreement. Without prejudice to other rights and remedies under the Senior Finance Documents, if JBIC determines that a Drawdown Notice will result in breach of any provision of this Agreement, JBIC may refuse to make the requested Advance or, at its sole discretion but following consultation with the Borrower, change or determine the amount and/or date of the relevant Advance to ensure that no such breach occurs.

**Method of disbursement** : In the event that the conditions precedent required under Section 6 ( *Conditions Precedent* ) are satisfied or otherwise waived by JBIC, JBIC undertakes to the Borrower to remit the proceeds of Advances promptly to the Onshore Disbursement Account to be applied in accordance with the terms of Clause 3.1 ( *Onshore Disbursement Account* ) and Clause 3.2 ( *Construction and Supply Accounts* ) of the Accounts Agreement. Advances shall be made in Dollars by telegraphic transfer into the Onshore Disbursement Account, and the Borrower so instructs JBIC to remit the proceeds of each Advance.

**Telegraphic Transfers** : The instruction by JBIC to its bank referred to in Clause 16.1(b)(i) of this Agreement for a telegraphic transfer into the Onshore Disbursement Account as provided in the paragraph entitled “ **Method of disbursement** ” above shall be an Advance under the JBIC Facility and shall, as from the date of such instruction, constitute a valid and binding obligation upon the Borrower in respect of repayment of such Advance and the payment of interest and any other amount payable under the Senior Finance Documents in relation thereto. The foregoing is without prejudice to JBIC's right to setoff or deduct the proceeds of any Advance as provided in this Agreement.

**Shortfall** : In the event that the total amount set forth in the Statement of Expenditures with respect to any Advance is less than the amount of the Advance requested in the relevant Drawdown Notice, then the relevant Advance shall be made only up to the amount set forth in such Statement of Expenditures. Fractional amounts of less than one (1) U.S. cent for any Advance may be disregarded.

**Table of Advances** : Promptly after each Advance is made:

- (a) the JBIC Facility Agent shall notify the Borrower of the date and amount of such Advance by sending two original copies of the table of advances substantially in the form attached as Form 1 (Table of Advances) to this Schedule 2 to the Borrower (the Table of Advances), with a copy to JBIC; and
- (b) the Borrower, promptly after receipt thereof, shall confirm such Table of Advances by returning one original copy to the JBIC Facility Agent duly acknowledged by the signature of an Authorized Representative of the Borrower, with a copy to JBIC.

**General** : On the date that each Advance is made, the amount of the Available Commitment shall be reduced by the amount of such Advance. Notwithstanding any provision of this Agreement to the contrary, the Borrower shall not request JBIC to make any Advance hereunder if, as a result thereof, the amount of the Available Commitment would thereby be exceeded.

**Records** : The Borrower shall retain or cause to be retained until the Final Maturity Date all records, contracts, orders, invoices, bills, receipts and other documents evidencing the expenditures for which Advances are requested in accordance with the Advance Procedures.

**Amended Drawdown Schedule** : The Borrower shall provide to the JBIC Facility Agent any proposed amendments to the Drawdown Schedule as and when required under Section 5.3 ( *Drawdown Schedule* ), which amendments shall be consistent with the terms of this Agreement (including, for the avoidance of doubt, Section 5.2(a) ( *Advance Procedures* )) and the Common Terms Agreement which pertain to the making of Advances and all related provisions.

ANNEX A TO SCHEDULE 2  
INITIAL DRAWDOWN SCHEDULE

| Drawdown Date | Amount |
|---------------|--------|
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |
|               |        |

## FORM 1 TO SCHEDULE 2

TABLE OF ADVANCES**(Re: Advances to the Sarulla Project)**

No. \_\_\_\_\_

Date: \_\_\_\_\_

Dear Sirs:

We enclose/attach two copies of the Table of Advances concerning the captioned Advance.

This Table of Advances shall be conclusive and binding in the absence of manifest error.

Yours faithfully,

**MIZUHO BANK, LTD.,**  
**as JBIC Facility Agent**

By: \_\_\_\_\_

Name:

Title:

**SARULLA OPERATIONS LIMITED**

for and on behalf of the Borrower

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Table of Advances**  
**(Re: Advances to the Sarulla Project)**

[illegible]

**Drawdown Notice**

(Advance to Sarulla Project)

Date: \_\_\_\_\_

Serial No.: \_\_\_\_\_

TO :

JAPAN BANK FOR INTERNATIONAL COOPERATION,  
as JBIC  
4-1, Ohtemachi 1-chome  
Chiyoda-ku, Tokyo 100-8144, Japan  
Attn: Energy and Natural Resources Finance Department

MIZUHO BANK, LTD., as the JBIC Facility Agent  
168 Robinson Road  
# 11-01 Capital Tower  
Singapore 068912

Attn: [●]

COPIED TO:

MIZUHO BANK, LTD., as the Intercreditor Agent  
168 Robinson Road  
# 11-01 Capital Tower  
Singapore 068912

Attn: [●]

FROM: Sarulla Operations Limited for and on behalf of the Borrower

**RE: Sarulla Geothermal Power Project – Drawdown Notice on JBIC Facility Agreement**

Dear Sirs:

Pursuant to Clause 2.3 ( *Drawdowns* ) of the Common Terms Agreement and Clause 5 ( *Advances and Conditions Precedent* ) and Schedule 2 of the JBIC Facility Agreement dated [●], ( “ **JBIC Facility Agreement** ” ), the Borrower requests an Advance under the JBIC Facility Agreement on [●], 20[●] (the “ **Requested Drawdown Date** ” ) in the following amount.

Amount

**JBIC Facility Agreement**

USD

Please make an Advance of the above-mentioned amount by means of a telegraphic transfer into the Onshore Disbursement Account.

All defined terms used herein and not defined herein have the meanings given thereto in the JBIC Facility Agreement.

We enclose the Statement of Expenditures specifying the above-mentioned amount for your Advance and the Drawdown Schedule.



The Borrower represents and warrants to JBIC under the JBIC Facility Agreement that, as of the date hereof:

- (a) except to the extent otherwise expressly provided under the terms of the JBIC Facility Agreement, the Advance requested is scheduled to be utilized in accordance with Clause 3.1 ( *Purpose* ) of the JBIC Facility Agreement and Clause 2.4 ( *Purpose* ) of the Common Terms Agreement, and, to the extent the Advance is to be utilized by the Borrower to pay Project Costs, such Project Costs are expected to be due and payable within 60 days after the Requested Drawdown Date (or are in reimbursement of Project Costs already incurred and not heretofore reimbursed);
- (b) this Drawdown Notice is made pursuant to the Clause 5 ( *Advances and Conditions Precedent* ) and Schedule 2 ( *Advance Procedures* ) of the JBIC Facility Agreement, and subject thereto, in accordance with Clause 2.3 ( *Drawdowns* ) of the Common Terms Agreement;
- (c) the conditions precedent for each Advance contained in the JBIC Facility Agreement have been satisfied or waived in accordance with the terms of the JBIC Facility Agreement;
- (d) no Default has occurred and is subsisting;
- (e) the current aggregate amount of all Principal Amounts outstanding under the JBIC Facility (excluding the amount set forth in this Drawdown Notice) is USD [ • ];
- (f) the Borrower is requesting an Advance under the JBIC Facility Agreement on the Requested Drawdown Date referred to above in the amount of USD [ • ]. Such amount is equal to the amount necessary to ensure that we utilise the JBIC Facility pro-rata in accordance with Clause [2.3(b)] ( *Drawdowns* ) of the Common Terms Agreement on such date; and
- (g) the amount of the Equity, and the specific amounts of Contingent Equity, being contributed in connection with the Requested Drawdown Date as well as the amount of the advances under the Senior-1 Facilities and the Senior-2 Facilities being advanced in connection with the Requested Drawdown Date are as follows:  
  
Equity: USD [ • ]  
  
Contingent Equity: USD [ • ]  
  
Covered Lenders Facility: USD [ • ]  
  
ADB Facility: USD [ • ]
- (h) the Requested Drawdown Date is a Business Day.

Except to the extent set forth in any notice provided pursuant to this paragraph, each matter certified by the Borrower herein shall be deemed once again to be certified as true and correct in all material respects as of the time of the Borrower's receipt of the Advance requested hereby as if then made.

The Borrower agrees that, if prior to such receipt, it determines that any matter certified by it herein will not be true and correct in all material respects as of the time of such receipt, it will promptly so notify the JBIC Facility Agent in writing; provided, however, that JBIC shall not be obliged to make the requested advance on the Requested Drawdown Date:

- (i) unless the representations of the Borrower set forth in Section 13.29(b) ( *Time for making Representations and Warranties* ) of the Common Terms Agreement continue to be true and correct in all material respects as of the Requested Drawdown Date.

(ii) if a Default has occurred and is subsisting on the Requested Drawdown Date.

IN WITNESS WHEREOF, the undersigned has caused this Drawdown Notice to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**SARULLA OPERATIONS LIMITED**

for and on behalf of the Borrower

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date:

Serial No:

STATEMENT OF EXPENDITURES

| 1             | 2                                                                         | 3                               | 4               | 5                                    | 6             | 7             |
|---------------|---------------------------------------------------------------------------|---------------------------------|-----------------|--------------------------------------|---------------|---------------|
| Name of Payee | Category of Expenditure<br>(separately listing estimated<br>Expenditures) | Brief Description of<br>Payment | Date of Payment | Amount in Currency of<br>Expenditure | Exchange Rate | Amount in USD |
|               |                                                                           |                                 |                 |                                      |               |               |

|                            |
|----------------------------|
| (A) Total                  |
| (B) Amount to be disbursed |

|  |
|--|
|  |
|  |

Remarks:

\_\_\_\_\_

[Borrower]

(authorized signature)

\* Please insert the amount denominated in USD.

\*\* Statement of Expenditures covers all expenditures since the last Advance.

**Drawdown Schedule**  
JBIC Facility Agreement  
payment planned during period from ( ) to ( )

| Date | Amount to be possibly disbursed |
|------|---------------------------------|
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |
|      |                                 |

(name of Borrower)

\_\_\_\_\_  
(name and title of signer)

### SCHEDULE 3

#### REPAYMENT SCHEDULE

| Repayment Date<br>If the Repayment Date specified below is a day which is not a Business Day, the Repayment Date shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not) | Repayment Instalment<br>(Percentage) | Amount of Repayment Instalment<br>(USD) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------|
| 24-Sep-18                                                                                                                                                                                                                                            | 2.3723%                              | 11,672,000.00                           |
| 24-Mar-19                                                                                                                                                                                                                                            | 2.8698%                              | 14,119,000.00                           |
| 24-Sep-19                                                                                                                                                                                                                                            | 2.9500%                              | 14,514,000.00                           |
| 24-Mar-20                                                                                                                                                                                                                                            | 2.7560%                              | 13,560,000.00                           |
| 24-Sep-20                                                                                                                                                                                                                                            | 2.7421%                              | 13,491,000.00                           |
| 24-Mar-21                                                                                                                                                                                                                                            | 2.8969%                              | 14,253,000.00                           |
| 24-Sep-21                                                                                                                                                                                                                                            | 3.0825%                              | 15,166,000.00                           |
| 24-Mar-22                                                                                                                                                                                                                                            | 2.7834%                              | 13,694,000.00                           |
| 24-Sep-22                                                                                                                                                                                                                                            | 2.6642%                              | 13,108,000.00                           |
| 24-Mar-23                                                                                                                                                                                                                                            | 3.3858%                              | 16,658,000.00                           |
| 24-Sep-23                                                                                                                                                                                                                                            | 3.4232%                              | 16,842,000.00                           |
| 24-Mar-24                                                                                                                                                                                                                                            | 3.5318%                              | 17,376,000.00                           |
| 24-Sep-24                                                                                                                                                                                                                                            | 3.2121%                              | 15,803,000.00                           |
| 24-Mar-25                                                                                                                                                                                                                                            | 3.1301%                              | 15,400,000.00                           |
| 24-Sep-25                                                                                                                                                                                                                                            | 3.0497%                              | 15,005,000.00                           |
| 24-Mar-26                                                                                                                                                                                                                                            | 2.7194%                              | 13,379,000.00                           |
| 24-Sep-26                                                                                                                                                                                                                                            | 2.7355%                              | 13,459,000.00                           |
| 24-Mar-27                                                                                                                                                                                                                                            | 3.2933%                              | 16,203,000.00                           |
| 24-Sep-27                                                                                                                                                                                                                                            | 3.2979%                              | 16,226,000.00                           |
| 24-Mar-28                                                                                                                                                                                                                                            | 3.8176%                              | 18,783,000.00                           |
| 24-Sep-28                                                                                                                                                                                                                                            | 3.4483%                              | 16,965,000.00                           |
| 24-Mar-29                                                                                                                                                                                                                                            | 2.8248%                              | 13,898,000.00                           |
| 24-Sep-29                                                                                                                                                                                                                                            | 2.6588%                              | 13,081,000.00                           |
| 24-Mar-30                                                                                                                                                                                                                                            | 3.6257%                              | 17,839,000.00                           |
| 24-Sep-30                                                                                                                                                                                                                                            | 3.8730%                              | 19,055,000.00                           |
| 24-Mar-31                                                                                                                                                                                                                                            | 3.6350%                              | 17,884,000.00                           |
| 24-Sep-31                                                                                                                                                                                                                                            | 4.1033%                              | 20,188,000.00                           |
| 24-Mar-32                                                                                                                                                                                                                                            | 4.1956%                              | 20,642,000.00                           |
| 24-Sep-32                                                                                                                                                                                                                                            | 3.4613%                              | 17,030,000.00                           |
| 24-Mar-33                                                                                                                                                                                                                                            | 2.1717%                              | 10,685,000.00                           |
| 24-Sep-33                                                                                                                                                                                                                                            | 1.7765%                              | 8,741,000.00                            |
| Final Maturity Date                                                                                                                                                                                                                                  | 3.5124%                              | 17,281,000.00                           |
| Total                                                                                                                                                                                                                                                | 100.00%                              | 492,000,000.00                          |

Dated 28 March 2014

**KYUDEN SARULLA PTE. LTD.  
ORSARULLA INC.  
PT MEDCO GEOPower SARULLA  
SARULLA OPERATIONS LTD  
SARULLA POWER ASSET LIMITED**  
as the Borrower

**ASIAN DEVELOPMENT BANK**  
as ADB (in certain capacities)

**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
as JBIC

**CERTAIN FINANCIAL INSTITUTIONS**  
as the Covered Lenders

**CERTAIN FINANCIAL INSTITUTIONS**  
as the Hedging Counterparties

**MIZUHO BANK, LTD.**  
as the Intercreditor Agent, the Covered Lenders Facility Agent and the JBIC Facility Agent

**MIZUHO BANK (USA)**  
as the Offshore Security Agent

**PT. BANK MIZUHO INDONESIA**  
as the Onshore Security Agent

and

**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.  
ING BANK N.V., TOKYO BRANCH  
MIZUHO BANK, LTD.  
NATIONAL AUSTRALIA BANK LIMITED  
SOCIÉTÉ GÉNÉRALE, TOKYO BRANCH  
SUMITOMO MITSUI BANKING CORPORATION**  
as the Mandated Lead Arrangers

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**COMMON TERMS AGREEMENT**

relating to the

**SARULLA GEOTHERMAL POWER PROJECT**

---

**LATHAM & WATKINS<sup>LLP</sup>**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619  
(65) 6536 1161 (Tel)  
(65) 6536 1171 (Fax)  
[www.lw.com](http://www.lw.com)

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**THIS COMMON TERMS AGREEMENT** (this “ **Agreement** ”) is dated 28 March 2014 and is made between:

- (1) **KYUDEN SARULLA PTE. LTD.** , a limited liability company established under the laws of Singapore whose registered head office is at 158 Cecil Street, #11-01, Singapore 069545 (the “ **Kyushu Borrower Entity** ”);
  - (2) **ORSARULLA INC.** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 186158 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Ormat Borrower Entity** ”);
  - (3) **PT MEDCO GEOPower SARULLA** , a limited liability company established under the laws of Indonesia whose registered head office is at The Energy Building 50th Floor SCBD Lot 11A Jl. Jend Sudirman Kav. 52-53, Jakarta 12190, Indonesia (the “ **Medco Borrower Entity** ”);
  - (4) **SARULLA OPERATIONS LTD** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 196738 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Operator** ”);
  - (5) **SARULLA POWER ASSET LIMITED** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 189923 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Itochu Borrower Entity** ”);
  - (6) **ASIAN DEVELOPMENT BANK** , an international organisation established by the Agreement Establishing the Asian Development Bank, in its individual capacity;
  - (7) **ASIAN DEVELOPMENT BANK** , an international organisation established by the Agreement Establishing the Asian Development Bank, not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund;
  - (8) **ASIAN DEVELOPMENT BANK** , an international organisation established by the Agreement Establishing the Asian Development Bank, not in its individual capacity but solely in its capacity as an implementing entity of the Canadian Climate Fund for the Private Sector in Asia under the Clean Energy Financing Partnership Facility (established by the Government of Canada);
  - (9) **JAPAN BANK FOR INTERNATIONAL COOPERATION** (“ **JBIC** ”);
  - (10) **CERTAIN FINANCIAL INSTITUTIONS** now or hereafter party hereto as the Covered Lenders;
  - (11) **CERTAIN FINANCIAL INSTITUTIONS** now or hereafter party hereto as the Hedging Counterparties;
  - (12) **MIZUHO BANK, LTD.**, as intercreditor agent for the Senior Secured Parties (in such capacity, the “ **Intercreditor Agent** ”);
  - (13) **MIZUHO BANK, LTD.**, as facility agent for the Covered Lenders (in such capacity, the “ **Covered Lenders Facility Agent** ”);
  - (14) **MIZUHO BANK, LTD.**, as facility agent for JBIC (in such capacity, the “ **JBIC Facility Agent** ”);
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- (15) **MIZUHO BANK (USA)** as offshore security agent for the Senior Secured Parties (in such capacity, the “ **Offshore Security Agent** ”);
- (16) **PT. BANK MIZUHO INDONESIA** as onshore security agent for the Senior Secured Parties (in such capacity, the “ **Onshore Security Agent** ” and, together with the Offshore Security Agent, the “ **Security Agents** ”); and
- (17) **THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. , ING BANK N.V., TOKYO BRANCH, MIZUHO BANK, LTD. , NATIONAL AUSTRALIA BANK LIMITED , SOCIÉTÉ GÉNÉRALE, TOKYO BRANCH** and **SUMITOMO MITSUI BANKING CORPORATION** as the mandated lead arrangers (together, the “ **Mandated Lead Arrangers** ” and each, a “ **Mandated Lead Arranger** ”).

## **BACKGROUND**

- (A) The Borrower proposes to design, develop, engineer, procure, construct, erect, commission, test, operate and maintain a geothermal power plant and related facilities and assets in Sarulla, North Sumatra, Indonesia, with an aggregate plant rated capacity of up to 330 MW (net) and whose output will be sold to PLN.
  - (B) In order to assist the Borrower to implement the Project, the Borrower has requested that:
    - (i) JBIC (1) provide to the Borrower the JBIC Facility in accordance with the terms and conditions of the JBIC Facility Agreement and this Agreement and (2) extend the EPRG to the Covered Lenders in respect of the Covered Lenders Facility;
    - (ii) the Covered Lenders provide to the Borrower the Covered Lenders Facility in accordance with the terms and conditions of the Covered Lenders Facility Agreement and this Agreement;
    - (iii) ADB provide to the Borrower the ADB Facility in accordance with the terms and conditions of the ADB Facility Agreement and this Agreement; and
    - (iv) the Hedging Counterparties enter into the Hedging Agreements.
  - (C) This Agreement, together with certain of the other Senior Finance Documents, sets out, amongst other things, the terms and conditions on which the Senior Lenders have agreed to provide the Senior Facilities to the Borrower.
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**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement, unless the context requires otherwise or unless otherwise defined in this Agreement, terms defined in the Intercreditor Deed shall have the same meaning where used in this Agreement and, in addition, the following terms have the following meanings:

**“Abandonment”**

means:

- (a) prior to the Lenders’ Completion Date, the cessation of all or substantially all of the construction activities related to all or any material part of the Field Facilities or all or a material part of the Electricity Generation Facilities (including, for the avoidance of doubt, any Generating Unit) in excess of forty five (45) consecutive days;
  - (b) on and after the Lenders’ Completion Date:
    - (i) placing all or any material part of the Field Facilities with respect to any Field or any of the Electricity Generating Facilities (including, for the avoidance of doubt, any Generating Unit) on a “care and maintenance” only basis; or
    - (ii) the cessation of operation of all or any material part of the Field Facilities with respect to any Field or any of the Electricity Generating Facilities (including, for the avoidance of doubt, any Generating Unit), in each case, in excess of sixty (60) consecutive days; or
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(c) at any time, the Borrower ceases to have the right to possess and use on an exclusive and uninterrupted basis all or any material part of the Field Facilities with respect to any Field, the Electricity Generating Facilities, any Generating Unit or any other material Project Assets for the purpose of implementing the Project in the manner contemplated by the Transaction Documents, provided that, in no event shall Abandonment occur if:

(A) any of the foregoing occurs due solely to a Force Majeure Event;

(B) the Borrower is continuing to receive payment in full of the Electricity Charge for the relevant Generating Units under and in accordance with the ESC; or

(C) the construction or operation of any one or more wells or well pads comprising any part of the Field Facilities is discontinued in circumstances where the construction or operation of such well(s) or well pad(s) is uneconomic or deemed by the Borrower to be unnecessary and the Borrower is otherwise continuing to implement the Project and perform its obligations under the Senior Finance Documents.

**“Acceptable Equity  
Contribution LC”**

has the meaning given to it in each Equity Support Deed.

**“Account Banks”**

means the Offshore Account Bank and the Onshore Account Bank.

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| <b>“Accounts Agreement”</b>                        | means the accounts agreement entered into or to be entered into by the Borrower, the Account Banks, the Intercreditor Agent, the Offshore Security Agent and the Onshore Security Agent in relation to the establishment, maintenance and operation of the Project Accounts.                                                                                                                                            |
| <b>“ADB”</b>                                       | means the Asian Development Bank in each of the capacities described in paragraphs (6) through (8) of the Preamble to this Agreement.                                                                                                                                                                                                                                                                                   |
| <b>“ADB Board of Directors” or<br/>“ADB Board”</b> | means the board of directors of ADB from time to time.                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“ADB Commitment”</b>                            | has the meaning given to it in the ADB Facility Agreement.                                                                                                                                                                                                                                                                                                                                                              |
| <b>“ADB Event of Default”</b>                      | has the meaning given to it in the ADB Facility Agreement.                                                                                                                                                                                                                                                                                                                                                              |
| <b>“ADB Facility”</b>                              | means the U.S. dollar denominated term loan facility made available to the Borrower under the ADB Facility Agreement and this Agreement, and which comprises ADB Tranche A, ADB Tranche B and ADB Tranche C.                                                                                                                                                                                                            |
| <b>“ADB Facility Agreement”</b>                    | means the facility agreement dated on or about the Signing Date and entered into by the Borrower and ADB with respect to the ADB Facility.                                                                                                                                                                                                                                                                              |
| <b>“ADB Tranche A”</b>                             | has the meaning given to it in the ADB Facility Agreement.                                                                                                                                                                                                                                                                                                                                                              |
| <b>“ADB Tranche B”</b>                             | has the meaning given to it in the ADB Facility Agreement.                                                                                                                                                                                                                                                                                                                                                              |
| <b>“ADB Tranche C”</b>                             | has the meaning given to it in the ADB Facility Agreement.                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Additional Drilling Contract”</b>              | means each contract (other than the Initial Drilling Contract) for the performance of drilling or related works (or both) with respect to the Project entered into by the Operator and another person as the drilling contractor.                                                                                                                                                                                       |
| <b>“Additional Drilling Contractor”</b>            | means a drilling contractor (other than the Initial Drilling Contractor) counterparty to an Additional Drilling Contract.                                                                                                                                                                                                                                                                                               |
| <b>“Additional Project Document”</b>               | means any contract or agreement (other than a Senior Finance Document) entered into by one or more Borrower Entities and any other person, or assigned or novated or otherwise transferred to any one or more Borrower Entities, which is not already a Project Document and which the Borrower Entity(ies) party to that contract or agreement were not restricted by the Senior Finance Documents from entering into. |
| <b>“Advance”</b>                                   | means a cash loan made or to be made (as the context requires) under a Senior Facility pursuant to the relevant Senior Facility Agreement and this Agreement.                                                                                                                                                                                                                                                           |
| <b>“Affiliate”</b>                                 | means, with respect to a person, a Subsidiary or a Holding Company of that person or any other Subsidiary of that Holding Company.                                                                                                                                                                                                                                                                                      |
| <b>“Agents”</b>                                    | means the Intercreditor Agent, the Facility Agents and the Security Agents.                                                                                                                                                                                                                                                                                                                                             |

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| <b>“AMDAL”</b>                           | means the Environmental Impact Analysis ( <i>Analisa Mengenai Dampak Lingkungan</i> ) dated August 2009 comprised of: <ul style="list-style-type: none"> <li>(a) environmental impact assessment report (Analisa Dampak Lingkungan or ANDAL);</li> <li>(b) environmental management plan (Rencana Pengelolaan Lingkungan or RKL);</li> <li>(c) environmental monitoring plan (Rencana Pemantauan Lingkungan or RPL); and</li> <li>(d) the addendum dated 26 July 2013, as amended or supplemented from time to time.</li> </ul>                                                                                                                                                                                                                                     |
| <b>“Annual Period”</b>                   | has the meaning given to it in Clause 18.5(a) ( <i>Operating Plan and Budget</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Annual Unit Rated Capacity Test”</b> | has the meaning given to it in the ESC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Applicable Accounting Standards”</b> | means: <ul style="list-style-type: none"> <li>(a) in respect of the Borrower’s Consolidated Financial Statements, generally accepted accounting principles, standards and practices as applied in Indonesia;</li> <li>(b) in respect of Medco’s financial statements, generally accepted accounting principles, standards and practices as applied in Indonesia;</li> <li>(c) in respect of Kyushu’s financial statements, generally accepted accounting principles, standards and practices as applied in Japan;</li> <li>(d) in respect of Itochu’s financial statements, IFRS;</li> <li>(e) in respect of Ormat’s financial statements, generally accepted accounting principles, standards and practices as applied in the United States of America.</li> </ul> |
| <b>“Applicable Law”</b>                  | means any law, constitutional law, statute, regulation, resolution, rule, treaty (having the force of law), ordinance, order, decree or directive and any official interpretation of any of the foregoing (whether or not having the force of law but, if not having the force of law, being such that compliance therewith would customarily be required) by any relevant Governmental Authority, now or at any time in effect, and which is applicable to the relevant matter.                                                                                                                                                                                                                                                                                    |
| <b>“Authorised Representative”</b>       | means: <ul style="list-style-type: none"> <li>(a) in relation to the Operator: <ul style="list-style-type: none"> <li>(i) any director of the Operator; or</li> <li>(ii) any other person properly authorised by the Operator to act as its authorised representative for the purposes contemplated in the Senior Finance Documents, and the name, position and contact details of whom are notified to the Intercreditor Agent in writing by the Operator; and</li> </ul> </li> <li>(b) in relation to any other person, any director of that person.</li> </ul>                                                                                                                                                                                                   |

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**“Availability Period”**

means, with respect to each Senior Facility, the period commencing on the Signing Date and ending on the earliest to occur of:

- (a) the date on which such Senior Facility is fully drawn, cancelled or terminated under the provisions of this Agreement; and
- (b) the date which is one month prior to the First Repayment Date.

**“Available Funding”**

means, on any date, the aggregate (without double counting) of:

- (a) the undrawn and uncanceled Total Commitment as at that date; provided that the Top-Up Commitment shall be included only (i) for the purpose of calculating the “Forecast Funding Shortfall” pursuant to Clause 21.16(f) ( *Project Events* ) or (ii) if and to the extent it is available pursuant to Clause 3.4 ( *Top-Up Advances* );
  - (b) the aggregate undrawn and available Total Base Equity Commitment as at that date;
  - (c) the amounts standing to the credit of the Construction and Supply Accounts as at that date;
  - (d) the amount (if any) standing to the credit of the Pre-Completion Revenue Account as at that date up to the Pre-Completion Revenue Cap; provided that all amounts standing to the credit of the Pre-Completion Revenue Account shall be included only for the purpose of calculating the “Forecast Funding Shortfall” pursuant to Clause 21.16(f) ( *Project Events* );
  - (e) an amount of Pre-Completion Revenue which the Borrower reasonably projects will be earned and deposited to the Pre-Completion Revenue Account after such date, provided that:
    - (i) if the Senior Lenders’ Technical Advisor and the Senior Lenders’ Reserves Consultant have certified to the Intercreditor Agent that, based upon the most recent Construction and Drilling Progress Report, all or part of such amount is not reasonably likely to be earned by the Borrower, then the amount of Pre-Completion Revenue to be included for the purpose of this paragraph (e) shall be the amount specified in such certificate of Pre-Completion Revenue as being the amount which the Senior Lenders’ Technical Advisor and the Senior Lenders’ Reserves Consultant consider that the Borrower is reasonably likely to earn;
    - (ii) such amount shall not exceed an amount equal to the sum of (A) the Pre-Completion Revenue Cap minus (B) the amount then standing to the credit of the Pre-Completion Revenue Account (and if such sum is a negative number, then such amount shall be zero);
    - (iii) such amount shall be excluded from the calculation of “Available Funding” for the purpose of Clauses 5.1(b)(i) ( *Cancellation* ) and 5.2(b)(i) ( *Voluntary Prepayment* ); and
    - (iv) such amount shall be excluded for the purpose of calculating the “Forecast Funding Shortfall” pursuant to Clauses 18.11(c)(i)(B)(2), 18.11(e)(i) and 18.11(e)(xi)(D)(1) ( *Consent to Specified Actions under the Major Project Documents* ); and
  - (f) for the purpose of calculating the “Forecast Funding Shortfall” pursuant to Clause 21.16(f) ( *Project Events* ) only, the aggregate undrawn and available Total Contingent Equity Commitment.
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| <b>“Bank Indonesia”</b>                               | means the central bank of Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Basel III”</b>                                    | means: <ul style="list-style-type: none"> <li>(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “ Basel III: A global regulatory framework for more resilient banks and banking systems ” , “ Basel III: International framework for liquidity risk measurement, standards and monitoring ” and “ Guidance for national authorities operating the countercyclical capital buffer ” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;</li> <li>(b) the rules for global systemically important banks contained in “ Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text ” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and</li> <li>(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “ Basel III ” .</li> </ul> |
| <b>“Borrower”</b>                                     | means each Borrower Entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Borrower’s Consolidated Financial Statements”</b> | means financial statements prepared for the unincorporated joint venture constituted by the Borrower Entities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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**“Borrower Entities”**

means:

- (a) the Itochu Borrower Entity;
- (b) the Kyushu Borrower Entity;
- (c) the Medco Borrower Entity;
- (d) the Ormat Borrower Entity; and
- (e) the Operator, and a “ **Borrower Entity** ” means any of them.

**“Breakage Costs”**

means, subject to the terms of the Senior Facility Agreements, in respect of a Floating Rate Senior Loan, the amount (if any), reasonably determined by the relevant Senior Lender, by which:

- (a) the interest (other than interest representing the Margin) which that Senior Lender would have received for the period after the date of receipt of all or any part of its Participation in a Floating Rate Senior Loan to the last day of the applicable Interest Period in respect of that Floating Rate Senior Loan, had the principal amount received been paid on the last day of that Interest Period, exceeds:
- (b) the amount which that Senior Lender would be able to obtain by placing an amount equal to the principal amount received by it on deposit with a leading bank in the relevant interbank market, for a period starting on the Business Day on which such amounts are received and ending on the last day of the applicable Interest Period.

**“Business Day”**

means:

- (a) with respect to any disbursement of a Senior Loan or payment under the Senior Finance Documents, a day (other than a Saturday or Sunday) on which banks are generally open for business in Jakarta, Tokyo, Singapore, London and New York City; and
- (b) with respect to any other obligation or requirement under the terms of the Senior Finance Documents, a day (other than a Saturday or Sunday) on which:
  - (i) banks are generally open for business in Jakarta, Tokyo and Singapore; and
  - (ii) ADB is open for business in Manila.

**“Business Interruption Insurance Proceeds”**

means Insurance Proceeds for or in respect of loss of revenue or business interruption.

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| <b>“Calculation Date”</b>             | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                       | <ul style="list-style-type: none"> <li>(a) for the purpose of determining the DSRA-1 Reserve Requirement, the DSRA-2 Reserve Requirement, the EPRG Premium Reserve Requirement, the Plant Maintenance Reserve Requirement and the Well Maintenance and Drilling Reserve Requirement for the Lenders’ Completion Date, the Lenders’ Completion Date; and</li> <li>(b) for all other purposes: <ul style="list-style-type: none"> <li>(i) the first Interest Payment Date which falls at least six (6) calendar months after the Unit COD of the Third Generating Unit; and</li> <li>(ii) each Interest Payment Date falling after the date specified in paragraph (a) above or sub-paragraph (i) above.</li> </ul> </li> </ul> |
| <b>“Calculation Period”</b>           | means a period of six (6) calendar months.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Capital Asset”</b>                | means a tangible asset required for the Project (whether or not it is owned by the Borrower) and which is not bought or sold in the ordinary course of business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Capital Costs”</b>                | means any expenditure in respect of a Capital Asset which does not constitute Operating Costs, including: <ul style="list-style-type: none"> <li>(a) all sums payable under the Power Plant Contracts;</li> <li>(b) all sums payable under the Initial Drilling Contract (including for the avoidance of doubt all Pre-Completion Make-Up Well Capital Costs); and</li> <li>(c) all start up, commissioning and testing costs.</li> </ul>                                                                                                                                                                                                                                                                                     |
| <b>“ Capacity Verification Test ”</b> | has the meaning given to it in the ESC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Change in Law”</b>                | means the occurrence, after the Signing Date (or in respect of any Senior Finance Party, if later, the date on which such Senior Finance Party becomes a Senior Finance Party) of any of the following: <ul style="list-style-type: none"> <li>(a) the adoption or taking effect of any law, rule, regulation or treaty; or</li> <li>(b) any change in law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority.</li> </ul>                                                                                                                                                                                                                              |
| <b>“Closing Date”</b>                 | means the first date on which the Intercreditor Agent notifies the Borrower and the Senior Lenders of the satisfaction or waiver of each Condition Precedent to the First Advance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| <b>“Code”</b>                                      | means the US Internal Revenue Code of 1986.                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Coercive Practice”</b>                         | means impairing or harming or threatening to impair or harm, directly or indirectly, any person or the property of the person, to influence improperly the actions of that person.                                                                                                                                                                                                                                     |
| <b>“Collusive Practice”</b>                        | means an arrangement between two or more persons designed to achieve an improper purpose, including influencing improperly the actions of another person.                                                                                                                                                                                                                                                              |
| <b>“Commitment”</b>                                | means, at any time and in relation to: <ul style="list-style-type: none"> <li>(a) ADB, the ADB Commitment;</li> <li>(b) JBIC, the JBIC Commitment; or</li> <li>(c) the Covered Lenders, the Covered Lenders Commitment, and in relation to a particular Covered Lender, that Covered Lender’s “Commitment” (as that term is defined in the Covered Lenders Facility Agreement), in each case, at that time.</li> </ul> |
| <b>“Compensation and Other Proceeds”</b>           | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                            |
| <b>“Condition Precedent to the First Advance”</b>  | means a documentary condition precedent referred to in Clause 3.1 ( <i>Conditions Precedent to Delivery of First Drawdown Notices</i> ).                                                                                                                                                                                                                                                                               |
| <b>“Conditional Novation of Project Documents”</b> | means the Indonesian law governed conditional assignment and novation agreement to be entered into on or prior to the Closing Date between the Senior Secured Parties (as represented by the Onshore Security Agent) and each Borrower Entity in respect of the Indonesian Law Governed Project Documents.                                                                                                             |
| <b>“Conditions Subsequent Cut Off Date”</b>        | means the date which is the earlier of: <ul style="list-style-type: none"> <li>(a) six (6) months after the First Drawdown Date; and</li> <li>(b) the first date on which the aggregate amount of Senior Loans outstanding is equal to or exceeds the undrawn Total Base Equity Commitment.</li> </ul>                                                                                                                 |
| <b>“Constitutional Documents”</b>                  | means, in respect of any person, that person’s memorandum of incorporation or articles of association or constitution or other constitutional documents.                                                                                                                                                                                                                                                               |
| <b>“Construction and Drilling Contracts”</b>       | means: <ul style="list-style-type: none"> <li>(a) the Power Plant Contracts; and</li> <li>(b) the Drilling Contracts.</li> </ul>                                                                                                                                                                                                                                                                                       |

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| <b>“Construction and Drilling Progress Report”</b> | means a report substantially in the form of Schedule 8 ( <i>Form Of Construction And Drilling Progress Report</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Construction and Supply Accounts”</b>          | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Construction Bonds”</b>                        | means any letters of credit, bank guarantee, bonds, performance security and other forms of security issued or to be issued from time to time in favour of any Borrower Entity in accordance with the terms of the Construction and Drilling Contracts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Construction Milestones”</b>                   | means the procurement, construction, commissioning and testing milestones set out in Part A of Schedule 12 ( <i>Project Milestones</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Contractors”</b>                               | means: <ul style="list-style-type: none"> <li>(a) the Power Plant Contractors;</li> <li>(b) the Initial Drilling Contractor; and</li> <li>(c) each Additional Drilling Contractor.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“ Contractual Currency ”</b>                    | has the meaning given to it in Clause 25.1 ( <i>Currency Indemnity</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Coordination Agreement”</b>                    | means the coordination agreement entered or to be entered into by the Operator, the Indonesian Contractor and the Power Plant Supply Contractor with respect to the Power Plant Supply Contract and the Power Plant Construction Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Corrective Action Plan”</b>                    | means a corrective action plan required in accordance with the Safeguards and Social Provisions, which is required to be approved by the Intercreditor Agent, and which must include the following: <ul style="list-style-type: none"> <li>(a) a description of: <ul style="list-style-type: none"> <li>(i) each relevant Safeguards and Social Non-Compliance; or</li> <li>(ii) each non-compliance issue identified in any relevant environment and/or social compliance audit, including (in either case) their extent, magnitude and impact;</li> </ul> </li> <li>(b) a description of the cause of each Safeguards and Social Non-Compliance and, if applicable, non-compliance issues referred to in paragraph (a) above and the period for which each continued;</li> <li>(c) the proposed actions to correct any damage or adverse consequences caused by the relevant Safeguards and Social Non-Compliance and, if applicable, non-compliance issues referred to above;</li> <li>(d) the identity of the person who will be implementing such proposed actions;</li> <li>(e) a time schedule for implementing such proposed actions, including the start date, the proposed end date and key milestones;</li> <li>(f) the estimated cost of such proposed actions; and</li> <li>(g) the proposed actions (including any proposed updates to the Safeguards and Social Documents) to prevent any similar Safeguards and Social Non-Compliance from occurring in the future.</li> </ul> |

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| <b>“Corrupt Practice”</b>                   | means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another person, including any offer, gift, payment, promise to pay, interest, fee, loan or other consideration which would constitute bribery or an improper payment under or a breach of, any applicable anti-bribery laws, anti-corruption practices laws, or such other similar laws or regulations with which that person is obliged to comply. |
| <b>“Covered Lender”</b>                     | means: <ul style="list-style-type: none"> <li>(a) any entity listed in Part C of Schedule 1 ( <i>The Senior Lenders</i> ); and</li> <li>(b) any New Senior Lender which becomes a Party by assuming the rights and/or obligations of a Covered Lender with respect to the Senior Finance Documents, which in each case has not ceased to be a Party in accordance with the provisions of this Agreement.</li> </ul>                                                                        |
| <b>“Covered Lenders Commitment”</b>         | has the meaning given to it in the Covered Lenders Facility Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Covered Lenders Facility”</b>           | means the U.S. dollar denominated term loan facility made available to the Borrower under the Covered Lenders Facility Agreement and this Agreement.                                                                                                                                                                                                                                                                                                                                       |
| <b>“Covered Lenders Facility Agreement”</b> | means the facility agreement dated on or about the Signing Date and entered into by the Borrower, the Covered Lenders Facility Agent and the Covered Lenders with respect to the Covered Lenders Facility.                                                                                                                                                                                                                                                                                 |
| <b>“Date of Commercial Generation”</b>      | for a Unit (as defined in the ESC), has the meaning given to it in the ESC.                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Debt to Equity Ratio”</b>               | means, at any time, the ratio of: <ul style="list-style-type: none"> <li>(a) all Senior Loans outstanding under the Senior Facilities at that time;</li> </ul> to: <ul style="list-style-type: none"> <li>(b) the aggregate amount of Equity that has been contributed or advanced to the Borrower at that time and which has been or will be applied in or towards the payment of Project Costs.</li> </ul>                                                                               |

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| <b>“Debt Service Coverage Ratio”</b>                       | means:                                                                                                                                                                                                                                |
|                                                            | (a) the Historic Debt Service Coverage Ratio; or                                                                                                                                                                                      |
|                                                            | (b) the Projected Debt Service Coverage Ratio, as the case may be.                                                                                                                                                                    |
| <b>“Debt Service Coverage Ratio Calculation Statement”</b> | means a draft calculation statement in a form approved by the Intercreditor Agent in writing.                                                                                                                                         |
| <b>“Deed of Accession – Hedging Counterparties”</b>        | means a duly completed certificate, substantially in the form of Schedule 5 ( <i>Form Of Deed Of Accession – Hedging Counterparties</i> ).                                                                                            |
| <b>“Deed of Novation – Senior Lenders”</b>                 | means a duly completed certificate, substantially in the form of Schedule 4 ( <i>Form Of Deed Of Novation – Senior Lenders</i> ).                                                                                                     |
| <b>“Default”</b>                                           | means an Event of Default or a Potential Event of Default.                                                                                                                                                                            |
| <b>“Default Rate”</b>                                      | has the meaning given to it in Clause 7.3 ( <i>Default Interest</i> ).                                                                                                                                                                |
| <b>“Delay in Start-Up Insurance Proceeds”</b>              | means Insurance Proceeds for or in respect of any delay in start-up.                                                                                                                                                                  |
| <b>“Delay Liquidated Damages”</b>                          | means any delay liquidated damages or similar delay damages paid by a Contractor to the Borrower under a Construction and Drilling Contract or paid by any other person under any other Project Document.                             |
| <b>“Designated Interest Period”</b>                        | has the meaning given to it in Clause 7.3 ( <i>Default Interest</i> ).                                                                                                                                                                |
| <b>“Direct Agreements”</b>                                 | means each of:                                                                                                                                                                                                                        |
|                                                            | (a) the GoI Consent Letter;                                                                                                                                                                                                           |
|                                                            | (b) the Initial Drilling Contract Direct Agreement;                                                                                                                                                                                   |
|                                                            | (c) the NAES Direct Agreement;                                                                                                                                                                                                        |
|                                                            | (d) the PGE Consent Letter;                                                                                                                                                                                                           |
|                                                            | (e) the PLN Consent Letter;                                                                                                                                                                                                           |
|                                                            | (f) the Power Plant Contracts Direct Agreement;                                                                                                                                                                                       |
|                                                            | (g) the Trust Account Consent Letter;                                                                                                                                                                                                 |
|                                                            | (h) the WestJEC Direct Agreement; and                                                                                                                                                                                                 |
|                                                            | (i) if required by the Intercreditor Agent, each direct agreement with respect to each Additional Drilling Contract (if any), to be entered into by the Additional Drilling Contractor, the Operator and the Offshore Security Agent; |
|                                                            | (j) each direct agreement with respect to a Technical Support Agreement, to be entered into by a Technical Support Agreement Provider, the Operator and the Offshore Security Agent; and                                              |
|                                                            | (k) each other document designated as a direct agreement by the Borrower and the Intercreditor Agent.                                                                                                                                 |

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| <b>“Discharged Obligations”</b>         | has the meaning given to it in Clause 28.3 ( <i>Procedure for Transfer – Senior Lenders</i> ).                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Discharged Rights”</b>              | has the meaning given to it in Clause 28.3 ( <i>Procedure for Transfer – Senior Lenders</i> ).                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Disposal”</b>                       | means a sale, transfer, novation, assignment, lease, licence, declaration of trust or other disposal, whether voluntary or involuntary, and <b>“Dispose”</b> shall be construed accordingly.                                                                                                                                                                                                                                                                                                    |
| <b>“Dispute”</b>                        | has the meaning given to it in Clause 36.1(a) ( <i>Disputes</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Disputed Amounts Trust Account”</b> | means the USD denominated account designated as the “Disputed Amounts Trust Account” held by the Trust Account Trustee on trust for the Borrower and PGE at the Trust Account Bank in accordance with the Trust Account Agreement, as notified by the Intercreditor Agent and the Offshore Security Agent from time to time in accordance with the Trust Account Direct Agreement.                                                                                                              |
| <b>“Distributions A ccounts”</b>        | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Distributions Holding Account”</b>  | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Drawdown Date”</b>                  | means the date on which an Advance is made under any of the Senior Facility Agreements.                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Drawdown Notice”</b>                | has the meaning given to it in each Senior Facility Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Drilling Contract”</b>              | means: <ul style="list-style-type: none"> <li>(a) the Initial Drilling Contract; and</li> <li>(b) each Additional Drilling Contract.</li> </ul>                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Drilling Milestones”</b>            | means the drilling milestones specified in Part B of Schedule 12 ( <i>Project Milestones</i> ).                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Drilling Program”</b>               | means a detailed drilling program for the Project which describes the drilling operations to be completed, the number of wells (injection and make-up) and the schedule for drilling operations, in each case to be conducted pursuant to the Drilling Contracts until the Lenders’ Completion Date, prepared by the Borrower and delivered to the Intercreditor Agent as a Condition Precedent to the First Advance and as updated in accordance with Clause 18.6 ( <i>Drilling Program</i> ). |

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| <b>“DSRA-1”</b>                            | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“DSRA-1 Reserve Requirement”</b>        | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“DSRA-2”</b>                            | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“DSRA-2 Reserve Requirement”</b>        | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Economic Assumptions”</b>              | means the assumptions as to economic or financial matters set out in the Financial Model approved as a Condition Precedent to First Advance as may be amended in accordance with Clause 18.1 ( <i>Financial Model</i> ).                                                                                                                                                                                                                                                                                                       |
| <b>“Electricity Charge”</b>                | has the meaning given to it in the ESC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Electricity Generation Facilities”</b> | means those facilities (including the Generating Units) required for the conversion of Geothermal Energy into Electricity and for the delivery of such Electricity to the Points of Interconnection (as defined in the ESC), but excluding the Field Facilities.                                                                                                                                                                                                                                                               |
| <b>“Eligible Bank”</b>                     | means a bank or financial institution which: <ul style="list-style-type: none"> <li>(a) has a Required Credit Rating;</li> <li>(b) has at least USD500 million or its equivalent of capital; and</li> <li>(c) is located in an OECD country, Singapore or Hong Kong.</li> </ul>                                                                                                                                                                                                                                                |
| <b>“Eligible Reserve Account LC”</b>       | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Emergency Operating Costs”</b>         | means all unavoidable costs incurred, or to be incurred, in preventing, rectifying or mitigating the effects of any unforeseen event or circumstance which has caused or is reasonably likely to cause: <ul style="list-style-type: none"> <li>(a) imminent material damage to the Plant or other related property;</li> <li>(b) the release of Hazardous Substances (other than in compliance with Environmental and Social Law); or</li> <li>(c) immediate adverse effects to the health or safety of any person.</li> </ul> |
| <b>“Enforcement Proceeds”</b>              | means all cash, securities and other property received or recovered by any Senior Secured Party, whether in respect of the enforcement of Transaction Security or otherwise, at any time after any Remedies have been exercised in accordance with the Intercreditor Deed.                                                                                                                                                                                                                                                     |

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- “Environmental and Social Action Plan”**
- (a) the environmental and social action plan approved by the Intercreditor Agent as a Condition Precedent to the First Advance; and
  - (b) where the Borrower is required to prepare a further environmental assessment under the Safeguards Requirements, then it means such updated and/or new environmental assessment approved by the Intercreditor Agent.

**“Environmental and Social Law”** means any Applicable Law relating to:

- (a) any release, emission, entry or introduction into the air including the air within buildings and other natural or man-made structures above ground;
  - (b) any discharge, release or entry into water including into any river, watercourse, lake, pond (whether natural or artificial or above ground or which joins or flows into any such water outlet above ground), reservoir, or the surface of the riverbed or of other land supporting such waters, ground waters, sewer or the sea;
  - (c) any deposit, disposal, keeping, treatment, importation, exportation, production, transportation, handling, processing, carrying, manufacture, collection, sorting or presence of any Hazardous Substance (including in the case of waste, any substance which constitutes a scrap material or an effluent or other unwanted surplus substance arising from the application of any process or activity (including making it re-usable or reclaiming substances from it) and any substance or article which is required to be disposed of as being broken, worn out, contaminated or otherwise spoiled);
  - (d) any nuisance, noise, defective premises, health and safety at work, industrial illness, industrial injury due to environmental factors, environmental health problems (including asbestosis or any other illness or injury caused by exposure to asbestos) or genetically modified organisms;
  - (e) any conservation, preservation or protection of the natural or man-made environment or any living organisms supported by the natural or man-made environment;
  - (f) human rights, labour issues (including employee relations and occupational health and safety), human health or safety, indigenous peoples, social and involuntary resettlement or economic displacement matters; and
  - (g) the harming of or the protection of cultural heritage or archaeological artefacts.
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**“ Environmental and Social Impact Assessment ” or “ ESIA ”** means:

- (a) Volume I: Environmental Compliance Audit Report and Corrective Action Plan as disclosed on the ADB website where identified as “DRAFT REPORT” and dated August 2013;
- (b) Volume II: Environmental and Social Impact Assessment (ESIA) Addendum as disclosed on the ADB website where identified as “FINAL REPORT” and dated October 2013;
- (c) Volume III: Indigenous Peoples Plan (IPP) as disclosed on the ADB website where identified as “DRAFT FINAL REPORT and dated October 2013;
- (d) Volume IV: Social Safeguards Compliance Audit Report and Corrective Action Plan as disclosed on the ADB website where identified as “DRAFT FINAL REPORT and dated October 2013;
- (e) Volume V: Resettlement Plan as disclosed on the ADB website where identified as “FINAL REPORT” and dated October 2013;
- (f) the Supplementary Lenders Information Package; and
- (g) where the Borrower is required to prepare a further environmental assessment under the Safeguards Requirements, then it means such updated and/or new environmental assessment approved by the Intercreditor Agent.

**“ Environmental and Social Management Plan ” or “ ESMP ”**

means the environmental and social management plan for the Project dated October 2013 (and included in the ESIA), updated in compliance with the Environmental and Social Action Plan and where the Borrower is required to prepare an updated or a new environmental management plan, under the Safeguards Requirements, then it means such updated and/or new environmental management plan approved by the Intercreditor Agent for incorporation into the Safeguards and Social Documents.

**“Environmental and Social Management System” or “ESMS”**

means an environmental, social, health and safety management system (which term may refer to the system for the construction phase of the Project or the system for the operational phase of the Project, or to both systems collectively, as the context may require) as described in system manuals and related source documents, including policies, management programs and plans, procedures, requirements, performance indicators, responsibilities, training and periodic audits and inspections with respect to those environmental and social aspects identified in the ESIA (which are considered relevant to the Project components) designed to identify, assess and manage risk in respect to the Project on an ongoing basis.

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| <b>“EPRG”</b>                             | means the extended political risk guarantee dated the Signing Date between JBIC, the Covered Lenders and the Covered Lenders Facility Agent.                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“EPRG Payment”</b>                     | has the meaning given to it in Clause 28.13 ( <i>Subrogation and Assignment</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“EPRG Premium”</b>                     | means the amount payable from time to time by the Covered Lenders (which amount may be funded by the Borrower on behalf of the Covered Lenders in accordance with the terms of the Senior Finance Documents) to JBIC in accordance with Clause 5 ( <i>Political Risk Guarantee Fee</i> )of the EPRG.                                                                                                                                                                                                                                            |
| <b>“EPRG Premium Reserve Account”</b>     | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“EPRG Premium Reserve Requirement”</b> | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Equator Principles”</b>               | means the principles entitled “Equator Principles” and set out in the paper entitled “A financial industry benchmark for determining, assessing and managing social and environmental risk in project financing” dated July 2006 and developed in co-operation with the International Finance Corporation and adopted by various other banks and financial institutions, being the version in effect on the Signing Date and excluding any amendments, renewals, replacements, extensions, modifications or supplements after the Signing Date. |
| <b>“Equity”</b>                           | means, on any date, the aggregate of: <ul style="list-style-type: none"> <li>(a) the amount subscribed for and paid in as capital in each Borrower Entity by the Equity Parties and not repaid or otherwise reimbursed to the Equity Parties on or before that date to the extent permitted under the Senior Finance Documents; and</li> <li>(b) the amount of all Subordinated Shareholder Loans outstanding at that date (excluding capitalised interest).</li> </ul>                                                                         |
| <b>“Equity Contribution”</b>              | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Equity Support Deeds.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Equity Documents”</b>                 | means: <ul style="list-style-type: none"> <li>(a) the JOA;</li> <li>(b) the Shareholders Agreement;</li> <li>(c) each Subordinated Shareholder Loan Agreement; and</li> <li>(d) each other document which the Borrower and the Intercreditor Agent agree is an Equity Document.</li> </ul>                                                                                                                                                                                                                                                      |
| <b>“Equity Party”</b>                     | means: <ul style="list-style-type: none"> <li>(a) the Ormat HoldCo;</li> <li>(b) each Shareholder;</li> <li>(c) each Sponsor; and</li> <li>(d) each other person which the Borrower and the Intercreditor Agent agree shall be an Equity Party.</li> </ul>                                                                                                                                                                                                                                                                                      |

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| <b>“Equity Support Deed”</b>            | means each of the equity support deeds dated on or about the Signing Date entered into by, amongst others, the relevant Equity Parties, the Offshore Security Agent and the Intercreditor Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“ESC” or “Energy Sales Contract”</b> | means the Original ESC, as assigned to the Borrower pursuant to the New DOA, and as amended by the First ESC Amendment, the Second ESC Amendment and PLN Consent Letter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“ESC Buyout Payments”</b>            | means all amounts paid by: <ul style="list-style-type: none"> <li>(a) PLN under and in accordance with the ESC (including Sections 11.2, 11.6, 11.7, 11.8, 11.9 and 11.10, and Annex 5 of the ESC) with respect to the termination of the ESC; or</li> <li>(b) the GoI in accordance with paragraph 6 of the Government Guarantee.</li> </ul>                                                                                                                                                                                                                                                                                                                   |
| <b>“Event of Default”</b>               | means any event or circumstance specified as such in Clause 21 ( <i>Events of Default</i> ) .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Existing Arbitration”</b>           | has the meaning given to it in Clause 36.6(a) ( <i>Disputes</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Existing Parties”</b>               | has the meaning given to it in Clause 28.3 ( <i>Procedure for Transfer – Senior Lenders</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Expropriation Proceeds”</b>         | means any amount paid by or on behalf of a Governmental Authority with respect to or following any action referred to in Clause 21.22 ( <i>Expropriation</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Facility Agent”</b>                 | means the JBIC Facility Agent or the Covered Lenders Facility Agent and “ <b>Facility Agents</b> ” means both of them.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“FATCA”</b>                          | means: <ul style="list-style-type: none"> <li>(a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;</li> <li>(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or</li> <li>(c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.</li> </ul> |

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**“FATCA Application Date”** means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017, or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

**“FATCA Deduction”** means a deduction or withholding from a payment under a Senior Finance Document required by FATCA.

**“FATCA Exempt Party”** means a Party that is entitled to receive payments free from any FATCA Deduction.

**“FATCA FFI”** means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if any Senior Finance Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction or a deduction or withholding from a payment pursuant to the Trust Account Agreement required by FATCA.

**“FATCA Payment”** means either:

- (a) the increase in a payment made by the Borrower or an Equity Party under Clause 9.3 ( *FATCA Deduction and gross-up by the Borrower and Equity Parties* ) or by the Borrower under paragraph (b) of Clause 9.4 ( *FATCA Deduction by the Senior Finance Parties* ); or
- (b) a payment under paragraph (c) of Clause 9.4 ( *FATCA Deduction by the Senior Finance Parties* ).

**“Fee Letters”** means each letter issued by an Agent and accepted by the Borrower setting out, amongst other matters, the fees payable by the Borrower to that Agent in respect of the performance of its obligations as an Agent under the Senior Finance Documents.

**“Fiduciary Assignment of Insurance Claim Proceeds”** means the Indonesian law governed fiduciary assignment to be entered into on or prior to the Closing Date between the Senior Secured Parties (as represented by the Onshore Security Agent) and the Borrower Entities in respect of all present and future Insurance Proceeds to which any Borrower Entity may be entitled.

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| <b>“Fiduciary Assignment of Intellectual Property Rights”</b> | means the Indonesian law governed fiduciary assignment to be entered into on or prior to Closing Date between the Senior Secured Parties (as represented by the Onshore Security Agent) and the Operator in respect of all intellectual property rights, including licences, copyrights, design registrations and know-how necessary for the implementation of the Project and which is owned by the Operator.                                                                                |
| <b>“Fiduciary Assignment of Receivables”</b>                  | means the Indonesian law governed fiduciary assignment to be entered into on or prior to the Closing Date between the Senior Secured Parties (as represented by the Onshore Security Agent) and the Borrower Entities in respect of all present and future receivables of the Borrower Entities.                                                                                                                                                                                              |
| <b>“Fiduciary Assignment of Receivables (Medco)”</b>          | means the Indonesian law governed fiduciary assignment to be entered into on or prior to the Closing Date between the Senior Secured Parties (as represented by the Onshore Security Agent) and Medco in respect of all present and future proceeds to which Medco may be entitled pursuant to a Subordinated Shareholder Loan Agreement between Medco and the Medco Borrower Entity dated on or about the Closing Date.                                                                      |
| <b>“Fiduciary Assignment of Reinsurance Claim Proceeds”</b>   | means each Indonesian law governed fiduciary assignment to be entered into on or prior to the Closing Date between the Senior Secured Parties (as represented by the Onshore Security Agent) and the relevant Indonesian insurer in respect of all present and future reinsurance proceeds receivables of the relevant Indonesian insurer in connection with the reinsurance policies comprising Project Insurances.                                                                          |
| <b>“Fiduciary Transfer of Tangible Assets”</b>                | means the Indonesian law governed fiduciary transfer agreement entered or to be entered into by the Borrower Entities and the Senior Secured Parties (represented by the Onshore Security Agent) with respect to all of the present and future tangible assets of the Borrower Entities located or deemed to be located in Indonesia.                                                                                                                                                         |
| <b>“Fields”</b>                                               | means: <ul style="list-style-type: none"> <li>(a) the Namora-I-Langit Field; and</li> <li>(b) the Silangkitang Field.</li> </ul>                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Field Facilities”</b>                                     | means those facilities required to produce, process, transport and deliver Geothermal Energy from the Fields to the Generating Units, including pumps, wells, wellsites, pipeline systems, separators, roads, buildings and camps, water disposal and waste process facilities, and including those facilities which are or will be owned by PGE.                                                                                                                                             |
| <b>“Final Maturity Date”</b>                                  | means with respect to a Senior Facility, the date which is twenty (20) years after the Signing Date, provided that if, as a result of the application of any prepayments made by the Borrower pursuant to the Senior Finance Documents, the last date for the making of a Repayment Instalment under the Senior Facility Agreements is a Repayment Date falling prior to what would otherwise be the Final Maturity Date pursuant to this definition, such date shall be that Repayment Date. |

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**“Financial Indebtedness”** means, with respect to any person:

- (a) indebtedness created, issued or incurred by such person for borrowed money (whether by loan or the issuance and sale of debt securities or the sale of any property of such person to another person subject to an understanding or agreement, contingent or otherwise, to repurchase such property of such person from that other person) ;
  - (b) any receivables sold or discounted by such person (other than on a non-recourse basis);
  - (c) obligations of such person to pay the deferred purchase or acquisition price of any property of such person or services (excluding accounts payable and accrued expenses incurred in the ordinary course of business and having a term not in excess of ninety (90) days);
  - (d) obligations (contingent or otherwise) of such person in respect of letters of credit, bankers acceptances or similar instruments issued or accepted by banks and other financial institutions for the account of such person;
  - (e) counter-indemnity obligations of such person in respect of a guarantee, indemnity, surety bond or similar instruments issued by a financial institution;
  - (f) obligations of such person in respect of any lease, leasing or hire purchase contract which would, in accordance with the Applicable Accounting Standards, be treated as a finance or capital lease;
  - (g) obligations of such person in respect of any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
  - (h) indebtedness of others described in paragraphs (a) to (g) (inclusive) above secured by (or for which the holder thereof has an existing right, contingent or otherwise, to be secured by) a Security Interest on the property of such person, whether or not the indebtedness so secured has been assumed by such person;
  - (i) any amount raised under any other transaction which has the commercial effect of a borrowing or is otherwise classified as a borrowing under the Applicable Accounting Standards; and
  - (j) indebtedness of others described in paragraphs (a) to (i) (inclusive) above which is guaranteed by such person.
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| <b>“Financial Model”</b>              | means the financial model delivered to the Intercreditor Agent pursuant to paragraph 12(a) of Part A of Schedule 2 ( <i>Documentary Conditions Precedent</i> ) as updated pursuant to Clause 18.1 ( <i>Financial Model</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Financial Year”</b>               | means the period from and including 1 January to and including 31 December.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Financing Costs”</b>              | means (without double counting): <ul style="list-style-type: none"> <li>(a) all interest, fees (including any breakage, prepayment or cancellation fees), premiums , advisors’ fees, legal fees, commissions and costs payable by the Borrower under the Senior Finance Documents;</li> <li>(b) all amounts payable by the Borrower under Clause 9 ( <i>Taxes</i> ), by virtue of market disruption provisions under Clause 10 ( <i>Market Disruption</i> ), by virtue of an obligation with respect to Increased Costs under Clause 11 ( <i>Increased Costs</i> ), and by virtue of an obligation with respect to an indemnity under Clause 25 ( <i>Indemnities</i> );</li> <li>(c) all Hedging Costs;</li> <li>(d) the EPRG Premium; and</li> <li>(e) all Taxes payable by the Borrower in respect of any of the foregoing .</li> </ul> |
| <b>“Financing of Terrorism”</b>       | means the act of providing or collecting funds with the intention that they be used, or in the knowledge that they are to be used, in order to carry out terrorist acts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“ First Actual Drawdown Date ”</b> | means the date on which the first Advance is made under the Senior Facilities or, if that is not the same date for all Advances requested in the First Drawdown Notices, the latest of such dates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“First Advance”</b>                | means the first Advance made to the Borrower pursuant to the Senior Finance Documents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“First Drawdown Date”</b>          | means the date of the First Advance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“First Drawdown Notices”</b>       | means the Drawdown Notices to be submitted by the Borrower pursuant to the Senior Finance Documents requesting the Advances referred to in Clause 2.3(d) ( <i>Drawdowns</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“ First Drawdown Sunset Date ”</b> | means the date which is thirty (30) days after the date (as specified in the relevant Drawdown Notice) on which the First Advance is to be made under the Senior Facilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“First ESC Amendment”</b>          | means the Amendment Agreement dated 14 December 2007 to the Original ESC entered into by PGE, PLN and the Borrower.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| <b>“First Generating Unit”</b>         | means the first and second units to be constructed and commissioned in accordance with the ESC, with a combined Guaranteed Net Dependable Capacity of 105.4 MW and located at the Silangkitang Field.                                                                                                                                                                |
| <b>“First Repayment Date”</b>          | means 24 September 2018.                                                                                                                                                                                                                                                                                                                                             |
| <b>“First Tribunal”</b>                | has the meaning given to it in Clause 36.6(a) ( <i>Consolidation</i> ).                                                                                                                                                                                                                                                                                              |
| <b>“Floating Rate Senior Loan”</b>     | means a Senior Loan advanced or to be advanced under a Senior-1 Facility.                                                                                                                                                                                                                                                                                            |
| <b>“Floating Rate Senior Facility”</b> | means a Senior Facility under which one or more Floating Rate Senior Loans have been or will be advanced pursuant to the relevant Senior Facility Agreement.                                                                                                                                                                                                         |
| <b>“Force Majeure Event”</b>           | means an event of force majeure (or other similar term) as defined in any Major Project Document which would excuse the performance by a party to that Major Project Document of any of its material obligations under such Major Project Document.                                                                                                                  |
| <b>“Forecast Funding Shortfall”</b>    | means, at any time, that: <ul style="list-style-type: none"> <li>(a) the Available Funding; is less than:</li> <li>(b) the Projected Project Costs, in each case, at that time.</li> </ul>                                                                                                                                                                           |
| <b>“Fraudulent Practice”</b>           | means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial or other benefit or to avoid an obligation.                                                                                                                                                                  |
| <b>“General Trust Account”</b>         | means the USD denominated account designated as the “Payments Account” held by the Trust Account Trustee on trust for the Borrower and PGE at the Trust Account Bank in accordance with the Trust Account Agreement, as notified to the Intercreditor Agent and the Offshore Security Agent from time to time in accordance with the Trust Account Direct Agreement. |
| <b>“Generating Units”</b>              | means: <ul style="list-style-type: none"> <li>(a) the First Generating Unit;</li> <li>(b) the Second Generating Unit; and</li> <li>(c) the Third Generating Unit.</li> </ul>                                                                                                                                                                                         |
| <b>“Geothermal Energy”</b>             | means natural geothermal water or steam, the natural heat of the earth, and the energy present in, resulting from or created by or which may be extracted from, the natural heat present below the surface of the earth in whatever form such heat or energy occurs.                                                                                                 |

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| <b>“GoI”</b>                                    | means the Government of Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“ GoI Consent Letter ”</b>                   | means the consent letter with respect to the Government Guarantee, issued or to be issued by the GoI and addressed to the Borrower and the Onshore Security Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Government Guarantee”</b>                   | means the Business Viability Guarantee Letter Number: S-285/MK.011/2013 dated 10 April 2013 (as amended, restated, amended and restated, or supplemented or otherwise modified in writing from time to time) issued by the GoI (represented by the MoF) to the Borrower.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Governmental Authorisation”</b>             | means any authorisation from, or filing with, any relevant Governmental Authority, which is necessary or desirable for the purpose of implementing the Project, including the Material Governmental Authorisations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Governmental Authority”</b>                 | means any: <ul style="list-style-type: none"> <li>(a) national, supranational, regional, provincial or local government, or any ministry, department, political subdivision, instrumentality commission, authority, tribunal, agency, entity (including any state owned enterprise or any subsidiary of a state owned enterprise) under the direct or indirect control thereof;</li> <li>(b) any parliament, legislature or regulatory body, whether national, supranational, regional, provincial or local;</li> <li>(c) central bank (or any person, whether or not government owned and howsoever constituted or called, that validly exercises the functions of a central bank); or</li> <li>(d) other entity of any kind or other person validly exercising executive, legislative, judicial, regulatory or administrative functions.</li> </ul> |
| <b>“Guaranteed Net Dependable Capacity”</b>     | means, in respect of: <ul style="list-style-type: none"> <li>(a) the First Generating Unit, 105.4 MW;</li> <li>(b) the Second Generating Unit, 107.7 MW; and</li> <li>(c) the Third Generating Unit, 107.7 MW.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Hazardous Substance”</b>                    | means any hazardous waste, substance, material or product referred to in the Safeguards Requirements, or defined, listed, classified in or under any Environmental and Social Law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Health, Safety and Environment Manager”</b> | means the person appointed by the Operator as being responsible for health, safety and environmental aspects of the Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Hedging Agreement”</b>                      | means any ISDA Master Agreement together with an ISDA Schedule and one or more swap confirmations in respect of a Hedging Transaction from time to time entered into by the Borrower and a Hedging Counterparty for the purpose of hedging permitted under the terms of the Hedging Programme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <b>“Hedging Costs”</b>                        | means any amount payable by the Borrower under a Hedging Agreement, except for any Hedging Termination Sum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Hedging Counterparty”</b>                 | means: <ul style="list-style-type: none"> <li>(a) any Mandated Lead Arranger which is originally party to this Agreement and the Intercreditor Deed as a Hedging Counterparty in respect of a Hedging Transaction entered into and which has become effective on or before the Hedging Cut-Off Date; and</li> <li>(b) any Eligible Bank which becomes a party to this Agreement and the Intercreditor Deed as a Hedging Counterparty in accordance with Clause 28.4 ( <i>Hedging Counterparties</i> ) in respect of a Hedging Transaction (including any novated or transferred Hedging Transaction) entered into and which has become effective (including by way of novation or transfer) after the Hedging Cut-Off Date, which in each case has not ceased to be a party to this Agreement and the Intercreditor Deed as a Hedging Counterparty in accordance with the provisions of this Agreement.</li> </ul> |
| <b>“Hedging Cut-Off Date”</b>                 | means the date which is one Business Day (in Jakarta only) before the First Drawdown Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Hedging Programme”</b>                    | means the Borrower’s hedging programme as set out in Schedule 3 ( <i>Hedging Programme</i> ), as may be amended, supplemented and replaced from time to time by the Borrower with the prior written consent of the Intercreditor Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Hedging Termination Sum”</b>              | means any amount payable by the Borrower under a Hedging Agreement as a result of the termination or close out (whether partial or total) of that Hedging Agreement or any Hedging Transaction contemplated under it, excluding for any interest accruing on any amount not paid when due.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Hedging Transaction”</b>                  | means any hedging instrument entered into under and forming part of a Hedging Agreement and in accordance with the Hedging Programme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“HGB Certificate”</b>                      | means a certificate that evidences a right (recognised under Indonesian law) to utilise and build upon land ( <i>Hak Guna Bangunan</i> ) which is issued by an authorised land office in Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Historic Debt Service Coverage Ratio”</b> | means, for any Calculation Date and for a Calculation Period, the ratio of: <ul style="list-style-type: none"> <li>(a) Project Cash Flow Available for Debt Service during that Calculation Period, to:</li> <li>(b) Scheduled Debt Service during that Calculation Period, as calculated in accordance with the approved Debt Service Coverage Ratio Calculation Statement for that Calculation Date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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| <b>“Holding Company”</b>                              | means, in relation to any company, any other company of which the first mentioned company is a Subsidiary.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“IFRS”</b>                                         | means the international financial reporting standards as issued by the International Accounting Standards Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Increased Cost”</b>                               | has the meaning given to it in Clause 11.1 ( <i>Increased Costs</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Indonesia”</b>                                    | means The Republic of Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Indonesian Contractor”</b>                        | means PT. Multi Fabrindo Gemilang.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Indonesian CPI”</b>                               | means, in respect of any adjustment to be made in any year, the Consumer Price Index for Jakarta as published from time to time by Bank Indonesia for the year preceding the year for which such adjustment is to be made; provided that if such Consumer Price Index as published from time to time is unavailable, the Indonesian Consumer Price Index shall mean the index, in substance similar thereto, selected by the Intercreditor Agent (acting reasonably) in consultation with the Borrower and the Senior Lenders’ Technical Advisor.                                                                                                                                    |
| <b>“Indonesian Law Governed Project Documents”</b>    | means the ESC, JOC, PLN Support Letter, Government Guarantee, the Power Plant Construction Contract and each other Project Document governed by Indonesian law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Information”</b>                                  | has the meaning given to it in Clause 30.2 ( <i>Senior Finance Party Confidentiality</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Initial Drilling Contract”</b>                    | means the geothermal drilling contract dated 3 October 2013 between the Initial Drilling Contractor and the Operator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“ Initial Drilling Contract Direct Agreement ”</b> | means the direct agreement with respect to the Initial Drilling Contract, entered or to be entered into by the Initial Drilling Contractor, the Initial Drilling Contract Guarantor, the Operator and Offshore Security Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Initial Drilling Contract Guarantor”</b>          | means Halliburton Worldwide GmbH.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Initial Drilling Contractor”</b>                  | means PT Halliburton Logging Services Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Insolvency Proceeding”</b>                        | means, with respect to a person: <ul style="list-style-type: none"> <li>(a) any insolvency, winding up, liquidation, bankruptcy, administration, corporate rehabilitation, dissolution, suspension of payment obligations, composition, assignment for the benefit of creditors, moratorium on payments or reorganization; or</li> <li>(b) the appointment of a receiver, compulsory manager, judicial manager, curator, administrator, liquidator, bankruptcy official, trustee, sequestrator, custodian, or similar person, or any comparable step, process or appointment in any relevant jurisdiction, in each case with respect to that person or any of its assets.</li> </ul> |

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| <b>“Insurance Proceeds”</b>         | means all insurance proceeds received under the Project Insurances, including Delay in Start-Up Insurance Proceeds and Business Interruption Insurance Proceeds, but excluding proceeds from third party liability, employer’s liability, automobile third party liability and workers’ compensation insurance to the extent that the same are not paid to or on behalf of the Borrower in accordance with the terms of such insurance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Insurance Proceeds Account”</b> | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Intercreditor Deed”</b>         | means the intercreditor deed dated on or about the Signing Date between the Senior Secured Parties in relation to, among other things, voting and other intercreditor matters .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Interest Payment Date”</b>      | means: <ul style="list-style-type: none"> <li>(a) prior to the First Repayment Date, 24 March and 24 September in each calendar year; and</li> <li>(b) on and after the First Repayment Date, each Repayment Date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Interest Period”</b>            | means, in relation to any Senior Loan, an interest period determined in accordance with Clause 6 ( <i>Interest Periods</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Interim Measures”</b>           | has the meaning given to it in Clause 36.4 ( <i>Interim Measures</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Interim Operation Period”</b>   | has: <ul style="list-style-type: none"> <li>(a) in the case of the Power Plant Supply Contract, the meaning given to it in the Power Plant Supply Contract; and</li> <li>(b) in the case of the Power Plant Construction Contract, the meaning given to it in the Power Plant Construction Contract.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Interpolated Screen Rate”</b>   | means, in relation to LIBOR for any Floating Rate Senior Loan or overdue amount under ADB Tranche A or the Covered Lenders Facility, the rate (rounded to four decimal places) which results from interpolating on a linear basis between: <ul style="list-style-type: none"> <li>(a) the applicable Screen Rate (“ <b>Y1</b> ”) for the longest period (for which that Screen Rate is available) (“ <b>X1</b> ”) which is less than the Interest Period of that Floating Rate Senior Loan or overdue amount; and</li> <li>(b) the applicable Screen Rate (“ <b>Y3</b> ”) for the shortest period (for which that Screen Rate is available) (“ <b>X3</b> ”) which exceeds the Interest Period of that Floating Rate Loan or overdue amount, in each case as of 11:00 a.m. London time on the London Quotation Day for the offering of deposits in Dollars. For the avoidance of doubt, the Interpolated Screen Rate shall be the sum of: <ul style="list-style-type: none"> <li>(a) Y1; plus</li> <li>(b) (Y3 – Y1) multiplied by [(X2 – X1) divided by (X3 – X1)]</li> </ul> </li> </ul> <p>where “ <b>X2</b> ” is equal to the number of days of the relevant Interest Period.</p> |

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| <b>“ISDA Master Agreement”</b>  | means an ISDA Master Agreement (2002 version).                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“ISDA Schedule”</b>          | means a schedule to an ISDA Master Agreement substantially in a form agreed upon between the Intercreditor Agent and the Borrower.                                                                                                                                                                                                                                                                                                       |
| <b>“Itochu”</b>                 | means Itochu Corporation, a company established under the laws of Japan.                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Itochu Share Mortgages”</b> | means each Cayman Islands’ law governed share mortgages entered or to be entered into by: <ul style="list-style-type: none"> <li>(a) Itochu and the Offshore Security Agent, with respect to Itochu’s shares in the capital of the Itochu Shareholder; and</li> <li>(b) the Itochu Shareholder and the Offshore Security Agent, with respect to the Itochu Shareholder’s shares in the capital of the Itochu Borrower Entity.</li> </ul> |
| <b>“Itochu Shareholder”</b>     | means Sarulla Asset Management, an exempted company with limited liability incorporated in the Cayman Islands for the sole purpose of being the shareholder of the Itochu Borrower Entity and which itself is wholly and directly owned by Itochu.                                                                                                                                                                                       |
| <b>“JBIC Commitment”</b>        | has the meaning given to it in the JBIC Facility Agreement.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“JBIC Covered Event”</b>     | has the meaning given to it in the EPRG.                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“JBIC Event of Default”</b>  | has the meaning given to it in the JBIC Facility Agreement.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“JBIC Facility”</b>          | means the U.S. dollar denominated term loan facility made available for the Borrower under the JBIC Facility Agreement and this Agreement.                                                                                                                                                                                                                                                                                               |

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| <b>“JBIC Facility Agreement”</b>         | means the facility agreement dated on or about the Signing Date and entered into by the Borrower, JBIC and the JBIC Facility Agent with respect to the JBIC Facility.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“JOA”</b>                             | means the Amended and Restated Joint Operating Agreement dated 11 July 2008 (as amended by addenda dated 11 July 2008 and 4 April 2013) between the Borrower Entities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“JOC”</b>                             | means the Sarulla Joint Operation Contract dated 27 February 1993 entered into by and between: <ul style="list-style-type: none"> <li>(a) Perusahaan Pertambangan Minyak dan Gas Bumi Negara; and</li> <li>(b) Unocal North Sumatra Geothermal Ltd, whose interests will be assigned to the Borrower pursuant to the New DoA on the Assignment Date (as defined therein), and as amended pursuant to (i) the Amendment Agreement to Sarulla Joint Operation Contract dated 14 December 2007 entered into by PGE and the Itochu Borrower Entity, the Kyushu Borrower Entity, the Medco Borrower Entity, the Ormat Borrower Entity and the Operator and (ii) the Second Amendment to Sarulla Joint Operation Contract dated 4 April 2013 entered into by PGE and the Borrower.</li> </ul> |
| <b>“Know Your Customer Requirements”</b> | means the identification checks that a Senior Finance Party requests in order to meet its obligations under Applicable Law to identify a person who is (or is to become) its customer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Kyushu”</b>                          | means Kyushu Electric Power Co., Inc., a company established under the laws of Japan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Kyushu Share Mortgage”</b>           | means the share mortgage governed by the laws of Singapore entered or to be entered into by the Kyushu Shareholder and the Offshore Security Agent, with respect to the Kyushu Shareholder’s shares in the capital of the Kyushu Borrower Entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Kyushu Shareholder”</b>              | means Kyuden International Corporation, a limited liability company established under the laws of Japan and which itself is wholly and directly owned by Kyushu.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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**“Lenders’ Completion Date”** means the date on which each of the following conditions have been satisfied on that date, in form and substance satisfactory to, or waived by, the Intercreditor Agent:

- (a) the Borrower has delivered to the Intercreditor Agent a physical completion certificate in the form set out in Schedule 11 ( *Physical And Operational Completion Certifications* ), Annex A-1 ( *Form of Physical Completion Certificate* );
- (b) the Senior Lenders’ Technical Advisor has delivered to the Intercreditor Agent a physical completion confirmation certificate in the form set out in Schedule 11 ( *Physical And Operational Completion Certifications* ), Annex A-2 ( *Physical Completion Confirmation* );
- (c) the Borrower has delivered to the Intercreditor Agent an operational completion certificate in the form set out in Schedule 11 ( *Physical And Operational Completion Certifications* ), Annex B-1 ( *Form of Operational Completion Certificate* );
- (d) the Senior Lenders’ Reserves Consultant has delivered to the Intercreditor Agent an operational completion confirmation certificate in the form set out in Schedule 11 ( *Physical And Operational Completion Certifications* ), Annex B-2 ( *Form of Operational Completion Confirmation* );
- (e) either:
  - (i) all amounts which are due and payable under the Project Documents as at the Lenders’ Completion Date have been finally determined and have been paid in full; or
  - (ii) if and to the extent that there are any amounts which are due and payable under the Project Documents but unpaid as at the Lenders’ Completion, such unpaid amounts have been finally determined and there is in place appropriate performance securities in an aggregate amount not less than the aggregate unpaid amounts, in form and substance satisfactory to the Intercreditor Agent;
- (f) either:
  - (i) there are no outstanding disputes under or in connection with any Project Document; or
  - (ii) if there are outstanding disputes under or in connection with any Project Document, then:
    - (A) the aggregate potential liability of the Borrower with respect to all such disputes does not exceed USD30,000,000 (or its equivalent); and either
    - (B) the Operator has deposited into a separate account opened in its name an amount equal to the aggregate potential liability of the Borrower with respect to such disputes, provided that:
      - (1) the separate account must be located in a jurisdiction (other than Indonesian) approved by the Intercreditor Agent; and
      - (2) the Operator’s rights and interest with respect to such account must be subject to a first-ranking perfected Security Interest in favour of the Offshore Security Agent (for the benefit of the Senior Secured Parties) in form and substance satisfactory to the Intercreditor Agent; or
    - (C) there is in place appropriate performance securities in an aggregate amount not less than the aggregate potential liability of the Borrower with respect to all such disputes, in form and substance satisfactory to the Intercreditor Agent
- (g) the Senior Lenders’ Insurance Consultant has delivered to the Intercreditor Agent a certificate confirming that all Project Insurances (including in respect of the operation phase of the Project) required to be in effect as at the Lenders’ Completion Date for the implementation of the Project are in full force and effect;
- (h) all Material Governmental Authorisations required to be in effect as at the Lenders’ Completion Date are in full force and effect;
- (i) either:
  - (i) PLN has certified, in writing, that:
    - (A) the Date of Commercial Generation of the First Generating Unit has occurred and that the Un-Rated Capacity of the First Generating Unit is not less than 83 MW; and

- (B) the Date of Commercial Generation of the Second Generating Unit and the Third Generating Unit has occurred; or
  - (ii) the Borrower has received three (3) payments from PLN of the Electricity Charge by way of deposit into the relevant Project Account pursuant to the provisions of the Accounts Agreement, and:
    - (A) such payments relate to three (3) invoices issued to PLN covering a period of at least two (2) months in the aggregate;
    - (B) each payment reflects that the Borrower delivered and generated Electricity from all of the Generating Units representing at least ninety percent (90%) of the Unit Rated Capacity during the period covered by the invoices and that the portion of such payment so represented is undisputed by PLN; and
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- (C) there were no Deemed Dispatch Kwhs (as defined in the ESC) during the period covered by the invoices; or
- (j) the DSRA-1 has been funded up to the DSRA-1 Reserve Requirement for the Lenders' Completion Date;
- (k) the DSRA-2 has been funded up to the DSRA-2 Reserve Requirement for the Lenders' Completion Date;
- (l) the EPRG Premium Reserve Account has been funded up to the EPRG Premium Reserve Requirement for the Lenders' Completion Date;
- (m) there is in place an approved Operating Plan and Budget for the calendar year in which the Lenders' Completion Date occurs;
- (n) there is in place an approved Plant Maintenance Projection for the required period commencing on the Lenders' Completion Date and the Plant Maintenance Reserve Account has been funded up to the Plant Maintenance Reserve Requirement for the Lenders' Completion Date;
- (o) there is in place an approved Well Maintenance and Drilling Projection for the required period commencing on the Lenders' Completion Date and the Well Maintenance and Drilling Reserve Account has been funded up to the Well Maintenance and Drilling Reserve Requirement for the Lenders' Completion Date;
- (p) the PLN Credit Reserve Account is fully funded to the level required (if any) pursuant to the Accounts Agreement as at the Lenders' Completion Date;
- (q) there is in place an approved Financial Model as contemplated pursuant to Clause 18.1 ( *Financial Model* );
- (r) either:
  - (i) the Debt to Equity Ratio at the Lenders' Completion Date does not exceed the Maximum Debt to Equity Ratio; or
  - (ii) if the Debt to Equity Ratio at the Lenders' Completion Date exceeds the Maximum Debt to Equity Ratio:
    - (A) the Intercreditor Agent has confirmed to the Borrower and the Senior Lenders the Mandatory Debt to Equity Ratio Prepayment Amount; and
    - (B) all Mandatory Debt to Equity Ratio Prepayment Contributions have been paid in accordance with the applicable provisions of the Senior Finance Documents;
- (s) no Force Majeure Event is continuing, unless the Intercreditor Agent has confirmed in writing to the Borrower that the Senior Lenders' Technical Advisor and/or the Senior Lenders' Reserves Consultant has certified to the Intercreditor Agent that the Force Majeure Event:
  - (i) is unlikely to continue for more than seven (7) continuous days in total; or
  - (ii) is unlikely to have a material and adverse effect (including in terms of delay and cost) on the implementation on the Project;
- (t) no Default is subsisting;
- (u) the Environmental and Social Management Plan updated for the operation phase of the Project is operational and complies in all material respects with all Safeguards Requirements and to the extent any aspect of the Environmental and Social Management System for the operation phase of the Project has not been implemented, all arrangements necessary for such timely implementation have been made through the Environmental and Social Action Plan; and
- (v) the Borrower has delivered to the Intercreditor Agent a certificate signed by two directors of the Operator certifying that the requirements set out in paragraphs (e) and (f) and (h) to (u) inclusive above have been satisfied.

**“Lenders' Completion  
Sunset Date”**  
**“Lending Office”**

means the date which is twenty four (24) months after the Unit COD of the Third Generating Unit.

means:

- (a) in relation to a Senior Lender originally a Party, its office at the address specified in Schedule 1 ( *The Senior Lenders* ); and
- (b) in relation to any New Senior Lender, its office at the address specified in the relevant Deed of Novation – Senior

Lenders and notified to the Intercreditor Agent, or such other offices as the relevant Senior Lender may later select pursuant to Clause 28.8 ( *Lending Offices* ).

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**“LIBOR”**

means:

- (a) in relation to an Interest Period for any Floating Rate Senior Loan made under the JBIC Facility Agreement, or overdue amount thereunder, LIBOR (as defined in the JBIC Facility Agreement); and
- (b) in relation to an Interest Period for any Floating Rate Senior Loan made under the ADB Facility Agreement or the Covered Lenders Facility Agreement, or any overdue amount thereunder:
  - (i) the applicable Screen Rate; or
  - (ii) (if no Screen Rate is available for the Interest Period of that Floating Rate Senior Loan or overdue amount) the Interpolated Screen Rate for that Floating Rate Senior Loan or overdue amount; or
  - (iii) if:
    - (A) no Screen Rate is available for the currency of that Floating Rate Senior Loan or overdue amount; or
    - (B) no Screen Rate is available for the Interest Period of that Floating Rate Senior Loan or overdue amount and it is not possible to calculate an Interpolated Screen Rate for that Floating Rate Senior Loan,
    - (C) the Reference Bank Rate, as of 11:00 a.m. (London time) two London Quotation Days before the first day of the Interest Period of such Floating Rate Senior Loan or overdue amount for the offering of deposits in the currency of that Floating Rate Senior Loan or overdue amount and for a period comparable to that Interest Period, provided that if any such rate is below zero (0), LIBOR will be deemed to be zero (0).

**“LNTP”**

has:

- (a) in the case of the Power Plant Supply Contract, the meaning given in the Power Plant Supply Contract;
- (b) in the case of the Power Plant Construction Contract, the meaning given in the Power Plant Construction Contract; and
- (c) in the case of the Initial Drilling Contract, the meaning given in the Initial Drilling Contract.

**“London Quotation Day”**

means a day (other than a Saturday or Sunday) on which banks are generally open for business in London.

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**“Major Project Documents”** means:

- (a) each Drilling Contract;
- (b) the ESC;
- (c) the Government Guarantee;
- (d) the JOC;
- (e) the New DOA;
- (f) the PLN Support Letter;
- (g) each Power Plant Contract;
- (h) the Trust Account Agreement;
- (i) each Technical Support Agreement;
- (j) each parent company guarantee or performance security in respect of the obligations of any of the foregoing under the relevant Major Project Documents (including each Construction Bond);
- (k) the Land and Assets Utilisation Agreement between PGE and PT Pertamina (Persero);
- (l) each other Project Document entered into by any Borrower Entity after the Signing Date which the Intercreditor Agent determines (acting reasonably) constitutes a Major Project Document; and
- (m) any other agreement designated as a Major Project Document by the Intercreditor Agent and the Borrower.

**“Major Project Parties”** means:

- (a) PGE;
  - (b) PLN;
  - (c) each Equity Party;
  - (d) the Trust Account Trustee;
  - (e) the Trust Account Bank; and
  - (f) each of the following persons, for so long as that person has any obligations under any Major Project Document to which that person is party:
    - (i) each Additional Drilling Contractor;
    - (ii) the Initial Drilling Contract Guarantor;
    - (iii) the Initial Drilling Contractor;
    - (iv) each Power Plant Contractor;
    - (v) each Technical Support Agreement Provider; and
    - (vi) each provider of a guarantee or performance security (including each Construction Bond) in respect of the obligations of any of the foregoing under the relevant Major Project Document.
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- “Management Costs”** means Equity Party historical expenditures related to the Project in the nature of management costs.
- “Mandatory Debt to Equity Ratio Prepayment Amount”** means an amount equal to the sum of:
- (a) the amount of Senior Loans outstanding which the Borrower is required to prepay pursuant to Clause 5.3(d) ( *Mandatory Prepayments* );
  - (b) the amount of interest payable pursuant to Clause 5.4(b)(i) ( *Miscellaneous Provisions* ) in respect of the prepayment referred to in paragraph (a) above; and
  - (c) the amount of Hedging Termination Sums (if any), determined by the Intercreditor Agent (acting reasonably) that would be payable pursuant to Clause 5.4(b)(iii) ( *Miscellaneous Provisions* ) in connection with the prepayment referred to in paragraph (a) above, assuming for this purpose that the relevant Hedging Agreements were terminated (if required) pursuant to Clause 14.4 ( *Notional Amount Reductions* ) on the Lenders’ Completion Date.
- “Mandatory Debt to Equity Ratio Prepayment Equity Contributions”** means:
- (a) Equity Contributions required to be made pursuant to Clause 4.1(c) ( *Right to Accelerate* ) of each Equity Support Deed; and
  - (b) payments to the Borrower in the form of Equity in an amount which, when aggregated with all Equity Contributions to be provided as contemplated under paragraph (a) above, is equal to the Mandatory Debt to Equity Ratio Prepayment Amount.
- “Margin”** means, with respect to a Floating Rate Senior Loan, the rate expressed to be the “Margin” in each relevant Senior Facility Agreement.
- “Market Disruption Event”** has the meaning given to it in Clause 10.2 ( *Market Disruption* ).
- “Material Adverse Effect”** means a material and adverse effect on:
- (a) the business, operations, assets or financial condition of any Borrower Entity or any Major Project Party (other than the Trust Account Bank, the Trust Account Trustee and any SPV Equity Party);
  - (b) the ability of any Borrower Entity or any Major Project Party to perform any of its material obligations under any Transaction Document;
  - (c) the validity or enforceability of any Transaction Document;
  - (d) the effectiveness or ranking of any Transaction Security; or
  - (e) any right or remedy of any Senior Finance Party under or in respect of a Senior Finance Document.
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| <b>“Material Governmental Authorisations”</b> | means: <ul style="list-style-type: none"> <li>(a) the authorisations listed in Schedule 6 ( <i>Material Governmental Authorisations</i> );</li> <li>(b) each authorisation replacing any of the authorisations listed in Schedule 6 ( <i>Material Governmental Authorisations</i> ); and</li> <li>(c) each Governmental Authorisation which is material in the context of the Project or is otherwise necessary for the implementation of the Project.</li> </ul>                                                                                                                                                                                                                                      |
| <b>“Maximum Debt to Equity Ratio”</b>         | means the ratio of 76.97 to 23.03.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Medco”</b>                                | means PT Medco Power Indonesia, a limited liability company established under the laws of Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Medco Share Pledge”</b>                   | means the Indonesian law governed share pledge entered or to be entered into by Medco, the Medco Borrower Entity and the Senior Secured Parties (as represented by the Onshore Security Agent) with respect to Medco’s shares in the capital of the Medco Borrower Entity.                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Medco Technical Support Agreement”</b>    | means the agreement entered or to be entered into by the Operator and Medco in connection with staffing arrangements for the Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“MoF”</b>                                  | means the Ministry of Finance of the GoI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Money Laundering”</b>                     | means: <ul style="list-style-type: none"> <li>(a) the conversion or transfer of property, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions;</li> <li>(b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offence; or</li> <li>(c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence.</li> </ul> |

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| <b>“Moody’s”</b>                          | means Moody’s Shareholder Services, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“NAES”</b>                             | means NAES Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“ NAES Direct Agreement ”</b>          | means the direct agreement with respect to the NAES Technical Support Agreement, entered or to be entered into by NAES, the Operator and the Offshore Security Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“NAES Technical Support Agreement”</b> | means the agreement entered or to be entered into by the Operator and NAES in connection with provision of management services in the development of operating procedures and infrastructure at the Project Site.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Namora-I-Langit Field”</b>            | means the geothermal reservoir in the area of the Project Site referred to as Namora-I-Langit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“New DOA”</b>                          | the Deed of Assignment signed between PLN, the Itochu Borrower Entity, the Medco Borrower Entity, the Ormat Borrower Entity and the Operator dated as of 30 October 2007 (as supplemented by the Addendum to the Deed of Assignment signed between PLN and each Borrower Entity dated 3 July 2008 under which the Kyushu Borrower Entity became a part of the “COMPANY” (as defined in the ESC), the Second Addendum to the Deed of Assignment signed between PLN and each Borrower Entity dated 4 April 2013 and the PLN Consent Letter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“New Senior Lender”</b>                | has the meaning given to it in Clause 28.2 ( <i>Transfers by Senior Lenders</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Non-Consenting Covered Lender”</b>    | <p>means a Covered Lender, other than:</p> <ul style="list-style-type: none"> <li>(a) JBIC, if and to the extent that it is subrogated to or assigned or transferred the rights of a Covered Lender as a consequence of any payment made by JBIC pursuant to the EPRG; or</li> <li>(b) a Covered Lender voting at the direction of JBIC under and in accordance with the EPRG, which does not agree to the making of any Determination in circumstances where: <ul style="list-style-type: none"> <li>(i) the Borrower has requested the Intercreditor Agent to make such Determination;</li> <li>(ii) the Determination is one required to be made in accordance with Clause 4.4 ( <i>Unanimous Decisions</i> ) of the Intercreditor Deed; and</li> <li>(iii) affirmative votes for the Determination have been obtained from the requisite Voting Parties specified in Clause 4.5 ( <i>Majority Decisions</i> ) of the Intercreditor Deed (assuming for this purpose the Determination is one required to be made in accordance with Clause 4.5 ( <i>Majority Decisions</i> ) of the Intercreditor Deed).</li> </ul> </li> </ul> |

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| <b>“Notice to Proceed”</b>                    | has:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                               | (a) in the case of the Power Plant Supply Contract, the meaning given in the Power Plant Supply Contract;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                               | (b) in the case of the Power Plant Construction Contract, the meaning given in the Power Plant Construction Contract; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                               | (c) in the case of the Initial Drilling Contract, the meaning given in the Initial Drilling Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“NTP Date”</b>                             | means the date set out in a notice to proceed issued by the Borrower pursuant to Clause 4.1(b) of the Power Plant Construction Contract and/or Clause 4.1(b) of the Power Plant Supply Contract (as the case may be) on which each of the Power Plant Contractors is to commence full performance of the relevant scope of supply or scope of work.                                                                                                                                                                                                                                                                                |
| <b>“Obstructive Practice”</b>                 | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                               | (a) deliberately destroying, falsifying, altering or concealing evidence material to an investigation by a Senior Lender into allegations of a Coercive Practice, Collusive Practice, Corrupt Practice or Fraudulent Practice; making false statements to investigators, in order to materially impede such investigation; failing to comply with requests to provide information, documents or records in connection with such investigation; and threatening, harassing or intimidating any person to prevent it from disclosing its knowledge of matters relevant to such investigation or from pursuing such investigation; or |
|                                               | (b) acts intended to materially impede the exercise of a Senior Lender’s contractual rights of audit or inspection or access to information under any Senior Finance Document in connection with an investigation by a Senior Lender into allegations of a Coercive Practice, Collusive Practice, Corrupt Practice or Fraudulent Practice.                                                                                                                                                                                                                                                                                         |
| <b>“OECD”</b>                                 | means the Organisation for Economic Cooperation and Development.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Offshore Account Bank”</b>                | means Mizuho Bank, Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Offshore Assignments of Reinsurances”</b> | means each English law governed security assignment entered into from time to time by any direct insurer in favour of the Offshore Security Agent with respect to its rights under certain reinsurance policies constituting Project Insurances.                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Offshore General Account”</b>             | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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**“Offshore General Security Agreement”** means the English law governed debenture to be entered into by each Borrower Entity and the Offshore Security Agent with respect to all of the present and future assets of that Borrower Entity, including with respect to the Project Documents governed by Indonesian law and the Project Documents governed by English law.

**“Offshore Pre-Completion Revenue Account”** has the meaning given to it in Clause 1.1 ( *Definitions* ) of the Accounts Agreement.

**“Offshore Project Accounts”** has the meaning given to it in Clause 1.1 ( *Definitions* ) of the Accounts Agreement.

**“Offshore Project Accounts Charge”** means the Singapore law governed accounts charge dated on or about the Closing Date between the Operator and the Offshore Security Agent with respect to all of the rights of the Operator in the Offshore Project Accounts (excluding the Distributions Accounts).

**“Offshore Security Documents”** means each of:

- (a) the Offshore Assignments of Reinsurances;
- (b) the Offshore Project Accounts Charge;
- (c) the Offshore General Security Agreement;
- (d) the Offshore Share Security Agreements; and
- (e) the Subordinated Shareholder Loan Assignment Agreements entered into by Medco, the Kyushu Shareholder, the Itochu Shareholder and the Ormat Shareholder.

**“Offshore Share Security Agreements”** means each of:

- (a) the Kyushu Share Mortgage;
- (b) the Itochu Share Mortgages;
- (c) the Operator Share Mortgages; and
- (d) the Ormat Share Mortgages.

**“Onshore Account Bank”** means PT. Bank Mizuho Indonesia.

**“Onshore Project Accounts”** has the meaning given to it in Clause 1.1 ( *Definitions* ) of the Accounts Agreement.

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**“Onshore Security Documents”**

means:

- (a) the Conditional Novation of Project Documents;
- (b) the Fiduciary Assignment of Receivables;
- (c) the Fiduciary Assignment of Receivables (Medco);
- (d) the Fiduciary Assignment of Insurance Claim Proceeds;
- (e) the Fiduciary Assignment of Reinsurance Claim Proceeds;
- (f) the Fiduciary Assignment of Intellectual Property Rights;
- (g) the Fiduciary Transfer of Tangible Assets;
- (h) the Medco Share Pledge;
- (i) the Pledge of Onshore Project Accounts;
- (j) each Power of Attorney to Exercise Rights under the Indonesian Law Governed Project Documents;
- (k) the Power of Attorney to Manage the Business of the Medco Borrower Entity;
- (l) the Power of Attorney to Sell Shares of the Medco Borrower Entity;
- (m) the Power of Attorney to Vote Shares of the Medco Borrower Entity;
- (n) the Power of Attorney to Exercise Intellectual Property Rights;
- (o) the Power of Attorney to Manage Bank Accounts; and
- (p) any security supplement executed in connection with the agreements listed in paragraphs (a) to (o) (inclusive) above.

**“ Operating Costs ”**

means, in respect of any period, all costs and expenses payable by the Borrower during that period in connection with the operation and maintenance of the Project, including with respect to the following:

- (a) the supply and transportation of fuel, power, water and other utilities;
  - (b) employee salaries and payments pursuant to secondment arrangements and administrative overheads;
  - (c) fees and costs payable to the Technical Support Agreement Providers under the Technical Support Agreement;
  - (d) duties and Taxes incurred in the normal course of operations (including Taxes on income and other profits of any Borrower Entity under Indonesian law but excluding withholding tax on Financing Costs);
  - (e) foreign exchange losses realised in cash;
  - (f) any premiums and fees relating to any Project Insurances listed in Part B and Part C of Schedule 7 ( *Project Insurances* ) and maintained during such period;
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- (g) reasonable general and administrative expenses;
- (h) costs and expenses incurred in complying with the Borrower's environmental and/or social obligations under the Senior Finance Documents;
- (i) reasonable legal, accounting, consultancy, advisor and similar professional fees in connection with the implementation of the Project;
- (j) Plant Maintenance Expenses;
- (k) Well Maintenance and Drilling Expenses;
- (l) any Carbon Credits (as defined in the ESC) payable by the Borrower to PLN and/or PGE in accordance with the provisions of the ESC; and
- (m) subject to no double counting of any item, any other costs and expenses contained in the most recent approved Operating Plan and Budget or otherwise approved by the Intercreditor Agent;

but excluding:

- (i) Capital Costs;
- (ii) amounts payable to the Senior Finance Parties pursuant to the Senior Finance Documents;
- (iii) Restricted Payments; and
- (iv) depreciation, non-cash charges, reserves, amortisation of intangibles and similar book-keeping entries.

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| <b>“Operating Plan and Budget”</b>       | means an operating plan and budget which satisfies the requirements set out in, and as updated in accordance with the provisions of, Clause 18.5 ( <i>Operating Plan and Budget</i> ). |
| <b>“Operation Report”</b>                | means a report substantially in the form of Schedule 9 ( <i>Form Of Operation Report</i> ).                                                                                            |
| <b>“Operations Committee”</b>            | has the meaning given to it in the ESC.                                                                                                                                                |
| <b>“Operations Committee Procedures”</b> | means the procedures relating to the activities of the Operations Committee, as may be amended from time to time in accordance with the terms of the Senior Finance Documents.         |
| <b>“Operator Share Mortgages”</b>        | means each Cayman Islands' law governed share mortgage entered or to be entered into by a Shareholder with respect to its shares in the capital of the Operator.                       |

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| <b>“Original ESC”</b>                   | means the Sarulla Energy Sales Contract dated 27 February 1993 entered into by and between Perusahaan Umum Listrik Milik Negara, Perusahaan Pertambangan Minyak dan Gas Bumi Negara, and Unocal North Sumatra Geothermal Ltd, whose interests will be assigned to the Borrower pursuant to the New DoA.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Ormat”</b>                          | means Ormat International, Inc., a limited liability company established under the laws of the State of Delaware, United States of America.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Ormat HoldCo”</b>                   | means Ormat Holding Corp., an exempted company with limited liability incorporated in the Cayman Islands.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Ormat Share Mortgages”</b>          | means each Cayman Islands’ law governed share mortgage entered or to be entered into by: <ul style="list-style-type: none"> <li>(a) the Ormat HoldCo and the Offshore Security Agent, with respect to the Ormat HoldCo’s shares in the capital of the Ormat Shareholder; and</li> <li>(b) the Ormat Shareholder and the Offshore Security Agent, with respect to the Ormat Shareholder’s shares in the capital of the Ormat Borrower Entity.</li> </ul>                                                                                                                                                                                                                                                                         |
| <b>“Ormat Shareholder”</b>              | means OrPower 11 Inc., an exempted company with limited liability incorporated in the Cayman Islands.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Participation”</b>                  | means, with respect to a Senior Lender: <ul style="list-style-type: none"> <li>(a) and a Senior Loan, the portion of the amount of that Senior Loan which is outstanding and owing to that Senior Lender; and</li> <li>(b) and any other amount owing by the Borrower under the Senior Finance Documents, the portion of that amount which is owing to that Senior Lender.</li> </ul>                                                                                                                                                                                                                                                                                                                                           |
| <b>“Party”</b>                          | means a Senior Finance Party or a Borrower Entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“ PDS ”</b>                          | has the meaning given to it in Clause 30.3 ( <i>ADB Disclosure Obligations</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Performance Liquidated Damages”</b> | means any liquidated damages payable by: <ul style="list-style-type: none"> <li>(a) a Power Plant Contractor to the Borrower under a Power Plant Contract: <ul style="list-style-type: none"> <li>(i) for, or in respect of, a failure to achieve the Guaranteed Net Dependable Capacity of a Generating Unit; or</li> <li>(ii) otherwise in respect of defective performance, but excluding liquidated damages payable in respect of any delay under a Power Plant Contract; and</li> </ul> </li> <li>(b) a Drilling Contractor to the Borrower under a Drilling Contract for or in respect of defective performance, but excluding liquidated damages payable in respect of any delay under the Drilling Contract.</li> </ul> |

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**“Permitted Disposal”**

means:

- (a) sales of Geothermal Energy and electric capacity pursuant to the ESC, any other Disposal required by a Major Project Document and any set-off right contemplated in the JOC or the ESC;
- (b) Disposals of any consumables for use in the operation of the Plant in the ordinary course of the Borrower’s business;
- (c) Disposals in the ordinary course of business and at fair market value, of assets that are obsolete or no longer used by or useful to the Borrower, or which are promptly to be replaced by adequate substitutes of equal or greater value than the replaced items when new;
- (d) purchases or sales for cash of Permitted Investments prior to the maturity thereof in accordance with the Accounts Agreement;
- (e) the transfer of the Special Facilities to PLN in accordance with the applicable provisions of the ESC;
- (f) Disposals in the ordinary course of the Borrower’s business and at fair market value, of assets having a fair market value not exceeding USD1,000,000 in any year or USD5,000,000 in aggregate, and not otherwise permitted under the Senior Finance Documents; and
- (g) any Disposal otherwise approved by the Intercreditor Agent for the purpose of this definition (provided that any such approval shall not, unless the Intercreditor Agent expressly agrees, limit the obligations of the Borrower under Clause 5.3(a)(v) ( *Mandatory Prepayments* )), provided that all of the above are effected on an arm’s length basis and on commercially reasonable terms and conditions.

**“Permitted Equity Party Payment”**

means:

- (a) Management Costs in an amount of USD20,000,000 which the Senior Lenders’ Model Auditor has verified (and confirmed such verification to the Intercreditor Agent) as constituting Equity Party historical expenditures related to the Project, to be reimbursed by the Borrower to any Equity Party or any Affiliate of any Equity Party; or
  - (b) pursuant to a Project Document and which:
    - (i) has been approved by the Intercreditor Agent; and
    - (ii) is permitted to be made in accordance with:
      - (A) the most recent approved Project Budget; or
      - (B) the most recent approved Operating Plan and Budget.
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**“Permitted Financial  
Indebtedness”**

means:

- (a) any Financial Indebtedness of the Borrower secured by Permitted Security Interests;
- (b) any Financial Indebtedness of the Borrower under the Transaction Documents;
- (c) any accounts payable and other amounts payable in the ordinary course of business to the extent incurred for the implementation of the Project, provided that such indebtedness is payable within ninety (90) days of being incurred including any related value added tax;
- (d) any amounts payable under a Subordinated Shareholder Loan Agreement;
- (e) any other Financial Indebtedness of the Borrower which does not exceed USD3,000,000 (or its equivalent) in the aggregate; and
- (f) any other Financial Indebtedness of the Borrower incurred with the prior written consent of the Intercreditor Agent.

**“Permitted Investments”**

means USD-denominated:

- (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations, the timely payment of principal and interest of which is fully guaranteed by the United States of America and with the full faith and credit of the United States of America;
  - (b) interest-bearing demand or time deposits (including certificates of deposit) that are held with any Senior Finance Party, any Account Bank or any other bank that are organised under the laws of a member country of the OECD, Singapore, Hong Kong or, in the case of investments made from funds in the Onshore Project Accounts only, Indonesia, and have general obligations rated at least “AA” by Standard & Poor’s or “Aa2” by Moody’s;
  - (c) any advances, loans or extensions of credit or any stock, bonds, notes, debentures or other securities as the Intercreditor Agent may from time to time approve,  
provided that, each of the above investments shall:
    - (i) either mature not later than the date on which such investment will be required to be liquidated or otherwise be capable of being liquidated (at no cost and preserving the initial capital value of the investment) at any time, in order to fund withdrawals, transfers or payments in accordance with the Senior Finance Documents;
    - (ii) if an investment is a marketable obligation traded on an exchange, such exchange is a recognised international exchange; and
    - (iii) be subject to a first-ranking perfected Security Interest in favour of the Offshore Security Agent (for the benefit of the Senior Secured Parties) in form and substance satisfactory to the Intercreditor Agent.
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**“Permitted Security  
Interests”**

means any of the following:

- (a) the Transaction Security;
  - (b) those Security Interests arising by operation of law in the ordinary course of the Borrower’s business provided that the same are in respect of obligations which have not been due for more than forty five (45) days and which are being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent’s satisfaction for the benefit of the Senior Secured Parties;
  - (c) any of the following Security Interests, which would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited segregated cash reserves for the full amount secured by the Security Interests into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent’s satisfaction for the benefit of the Senior Secured Parties:
    - (i) carrier’s, warehousemen’s, mechanic’s, materialmen’s, repairmen’s or other like liens over assets created in respect of ordinary course of business transactions; or
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- (ii) easements, rights of way, reservations, restrictions, covenants, agreements for joint or common use, landlords' rights of distraint and other similar Security Interests affecting any property subject to the Transaction Security, granted in the ordinary course of business, which do not materially impair the value of such property or the Transaction Security;
- (d) any Security Interest arising in the ordinary course of business out of title retention or similar provisions contained in suppliers' standard and generally applicable terms for the supply of goods in the ordinary course of business, provided that such Security Interest does not arise as a result of payment for the relevant goods being overdue (or if overdue, which payment is being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent's satisfaction for the benefit of the Senior Secured Parties), provided in any event that the aggregate value at any time of all goods subject to any such Security Interest does not exceed USD1,000,000;
- (e) any Security Interest which is a result of a court order or judgment that is not yet final and is either discharged within forty-five (45) days of its creation is being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent's satisfaction for the benefit of the Senior Secured Parties;
- (f) any other Security Interests expressly permitted under the Senior Finance Documents or required to be created in the course of performance of any Project Document; and
- (g) any other Security Interest created with the prior written consent of the Intercreditor Agent.

**"PGE"**

means PT Pertamina Geothermal Energy.

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| <b>“PGE Assets”</b>                            | means the Fields, the Field Facilities and the Project Site, in each case to the extent owned by PGE.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“ PGE Consent Letter ”</b>                  | means the consent letter with respect to the JOC and ESC, entered or to be entered into by PGE, the Borrower and the Onshore Security Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“PGE Privatisation Event”</b>               | means: <ul style="list-style-type: none"> <li>(a) any event, or combination of events, which has the effect of equitising PGE under the laws of Indonesia (irrespective of whether the equitisation event, or combination of events, is accomplished through the sale of existing shares or the issuance of new shares) resulting in the GoI no longer holding (directly or indirectly) the percentage of shareholder voting power in PGE required under Applicable Law to pass all resolutions at a general meeting of the shareholders of PGE; or</li> <li>(b) any demerger or corporate reorganisation of PGE resulting in: <ul style="list-style-type: none"> <li>(i) PGE no longer being the counterparty to the Transaction Documents to which it is a party; or</li> <li>(ii) a material and adverse change to PGE’s ability to perform its obligations under the Transaction Documents to which it is a party.</li> </ul> </li> </ul> |
| <b>“PKLN Team”</b>                             | means the Team for Offshore Commercial Loans, established by the GoI pursuant to Presidential Decree No. 39 year 1991.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Plant”</b>                                 | means the Field Facilities, the Electricity Generation Facilities, spare parts, machinery and any ancillary facilities thereto, and all additions and modifications thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Plant Rated Capacity”</b>                  | has the meaning given to it in the ESC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Plant Maintenance Expenses”</b>            | means expenditure for maintenance of the Plant described in Tables 1 and 2 of Schedule 5 ( <i>Plant Maintenance Reserve Requirement</i> ) of the Accounts Agreement, excluding Well Maintenance and Drilling Expenses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Plant Maintenance Projection”</b>          | has the meaning given to it in Clause 18.7 ( <i>Plant Maintenance Projection</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Plant Maintenance Reserve Account”</b>     | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Plant Maintenance Reserve Requirement”</b> | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Pledge of Onshore Project Accounts”</b>    | means the Indonesian law governed pledge to be executed in the form of a notarial deed on or prior to the Closing Date by the Senior Secured Parties (as represented by the Onshore Security Agent) and the Operator in respect of the Onshore Project Accounts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| <b>“PLN”</b>                                                                                      | means PT Perusahaan Listrik Negara (Persero).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“ PLN Consent Letter ”</b>                                                                     | means the consent letter with respect to the ESC, entered or to be entered into by PLN, the Borrower and the Onshore Security Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“PLN Privatisation Event”</b>                                                                  | means: <ul style="list-style-type: none"> <li>(a) any event, or combination of events, which has the effect of equitising PLN under the laws of Indonesia (irrespective of whether the equitisation event, or combination of events, is accomplished through the sale of existing shares or the issuance of new shares) resulting in the GoI no longer holding (directly or indirectly) the percentage of shareholder voting power in PLN required under Applicable Law to pass all resolutions at a general meeting of the shareholders of PLN; or</li> <li>(b) any demerger or corporate reorganisation of PLN resulting in: <ul style="list-style-type: none"> <li>(i) PLN no longer being the counterparty to the Transaction Documents to which it is a party; or</li> <li>(ii) a material and adverse change to PLN’s financial ability to perform its obligations under the Transaction Documents to which it is a party.</li> </ul> </li> </ul> |
| <b>“PLN Support Letter”</b>                                                                       | means the letter agreement with the subject heading “Sarulla Geothermal Project - PLN Support Letter” (Reference No: 0050/043/DIRUT2013) dated 4 April 2013 entered into by PLN and the Borrower, and the letter of clarification from the Borrower to PLN (Reference No: SOL-DIR-0017) dated 4 April 2013 and the letter from PLN to the Borrower (Reference No: 051/043/DIRUT2013) dated 4 April 2013 (as supplemented by the PLN Consent Letter).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Potential Event of Default”</b>                                                               | means any event or circumstance which, with the giving of notice, lapse of time, the making of any determination under the Senior Finance Documents or any combination of the foregoing, may reasonably be expected to constitute an Event of Default.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Power of Attorney to Exercise Intellectual Property Rights”</b>                               | means the Indonesian law governed irrevocable power of attorney to exercise intellectual property rights including licences, copyrights, design registrations and know-how necessary for the implementation of the Project, to be granted in favour of the Senior Secured Parties (as represented by the Onshore Security Agent) by the Operator on or prior to the Closing Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Power of Attorney to Exercise Rights under the Indonesian Law Governed Project Documents”</b> | means each Indonesian law governed irrevocable power of attorney in respect of the rights of a Borrower Entity under the Indonesian Law Governed Project Documents to be granted in favour of the Senior Secured Parties (as represented by the Onshore Security Agent) by that Borrower Entity on or prior to the Closing Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <b>“Power of Attorney to Manage Bank Accounts of the Operator”</b>             | means the Indonesian law governed irrevocable power of attorney to manage the Onshore Project Accounts to be granted by the Operator in favour of the Senior Secured Parties (as represented by the Onshore Security Agent) on or prior to the Closing Date.                                         |
| <b>“Power of Attorney to Manage the Business of the Medco Borrower Entity”</b> | means the Indonesian law governed irrevocable power of attorney to manage the business of the Medco Borrower Entity to be granted in favour of the Senior Secured Parties (as represented by the Onshore Security Agent) by the Medco Borrower Entity on or prior to the Closing Date.               |
| <b>“Power of Attorney to Sell Shares of the Medco Borrower Entity”</b>         | means the Indonesian law governed irrevocable power of attorney to sell shares to be granted in favour of the Senior Secured Parties (as represented by the Onshore Security Agent) by Medco on or prior to the Closing Date.                                                                        |
| <b>“Power of Attorney to Vote Shares of the Medco Borrower Entity”</b>         | means the Indonesian law governed irrevocable power of attorney to vote shares to be granted in favour of the Senior Secured Parties (as represented by the Onshore Security Agent) by Medco on or prior to the Closing Date.                                                                        |
| <b>“Power Plant Contracts”</b>                                                 | means: <ul style="list-style-type: none"> <li>(a) the Power Plant Construction Contract;</li> <li>(b) the Power Plant Supply Contract; and</li> <li>(c) the Coordination Agreement.</li> </ul>                                                                                                       |
| <b>“Power Plant Contractors”</b>                                               | means: <ul style="list-style-type: none"> <li>(a) the Power Plant Supply Contractor; and</li> <li>(b) the Power Plant Construction Contractor.</li> </ul>                                                                                                                                            |
| <b>“Power Plant Construction Contract”</b>                                     | means the construction contract entered or to be entered into between the Operator and the Power Plant Construction Contractor.                                                                                                                                                                      |
| <b>“Power Plant Construction Contractor”</b>                                   | means the Indonesian Contractor and the Power Plant Supply Contractor.                                                                                                                                                                                                                               |
| <b>“Power Plant Contracts Direct Agreement”</b>                                | means the direct agreement with respect to the Power Plant Supply Contract, Power Plant Construction Contract and the Coordination Agreement, entered or to be entered into by the Power Plant Construction Contractor, the Power Plant Supply Contractor, the Operator and Offshore Security Agent. |
| <b>“Power Plant Supply Contract”</b>                                           | means the supply contract entered or to be entered into between the Power Plant Supply Contractor and the Operator.                                                                                                                                                                                  |
| <b>“Power Plant Supply Contractor”</b>                                         | means Hyundai Engineering & Construction Co., Ltd.                                                                                                                                                                                                                                                   |

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| <b>“Pre-Completion Make-Up Well Capital Costs”</b> | means all costs and expenses incurred, or to be incurred, prior to the Unit COD of the Third Generating Unit in connection with drilling make-up wells.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Pre-Completion Operating Costs ”</b>           | means all Operating Costs incurred, or to be incurred, during the period from and including the Unit COD of the First Generating Unit to but excluding the Unit COD of the Third Generating Unit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Pre-Completion Revenue”</b>                    | means all: <ul style="list-style-type: none"> <li>(a) Electricity Charges;</li> <li>(b) payments by the GoI under the Government Guarantee which do not constitute ESC Buyout Payments;</li> <li>(c) Delay Liquidated Damages;</li> <li>(d) Business Interruption Insurance Proceeds; and</li> <li>(e) Delay in Start-up Insurance Proceeds, in each case received by the Borrower (by way of deposit into the relevant Project Account pursuant to the provisions of the Accounts Agreement) prior to the Unit COD of the Third Generating Unit.</li> </ul>                                                                                                                                                   |
| <b>“Pre-Completion Revenue Cap”</b>                | means an amount equal to USD86,306,165.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Project”</b>                                   | means: <ul style="list-style-type: none"> <li>(a) the design, development, engineering, procurement, construction, erection, commissioning, testing, operation, maintenance and financing of the Field Facilities, the Electricity Generating Facilities and related assets;</li> <li>(b) the ownership of the Electricity Generation Facilities;</li> <li>(c) the design, development, engineering, procurement, construction, erection, commissioning, testing and financing of the Special Facilities; and</li> <li>(d) until the Special Facilities Taking Over Date, the ownership of the Special Facilities.</li> </ul>                                                                                  |
| <b>“Project Accounts”</b>                          | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Project Assets”</b>                            | means all assets, properties, rights and interests from time to time owned (whether legally or beneficially) by the Borrower or any Borrower Entity or used and/or enjoyed by the Borrower or any Borrower Entity in connection with the Project, including: <ul style="list-style-type: none"> <li>(a) the Electricity Generation Facilities;</li> <li>(b) all facilities and equipment and all other property (assets and rights) whether tangible or not and whether real or personal) constructed or acquired from time to time by the Borrower or any Equity Party for the implementation of the Project, including, prior to the Special Facilities Taking Over Date, the Special Facilities;</li> </ul> |

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- (c) the Borrower's rights under the Project Documents, including:
  - (i) in respect of the trust(s) created under the Trust Account Agreement; and
  - (ii) under the JOC with respect to:
    - (A) the exclusive use and possession of the Fields and the Field Facilities;
    - (B) the exclusive use and possession of the Project Site;
    - (C) the Governmental Authorisations; and
    - (D) the exploitation of the Geothermal Energy located under or within the Contract Area; and (d) the Project Accounts.

**“Project Budget”** means a budget for the design, engineering, financing, construction, commissioning, testing and start-up of the Project prepared by the Borrower and delivered to the Intercreditor Agent as a Condition Precedent to the First Advance and as updated in accordance with Clause 18.3 ( *Project Budget* ).

**“Project Cash Flow Available for Debt Service”** means, in respect of any period, the sum of:

- (a) the aggregate of:
    - (i) Electricity Charges which are deposited into a Project Account in accordance with the Accounts Agreement, but excluding Pre-Completion Revenue;
    - (ii) Delay Liquidated Damages;
    - (iii) Delay in Start-Up Insurance Proceeds;
    - (iv) Business Interruption Insurance Proceeds;
    - (v) interest on the balances standing to the credit of the Project Accounts (other than the Distributions Holding Account and the Distributions Accounts), if and to the extent such interest is credited to the balance of the Offshore General Account;
    - (vi) all Income and Investment Proceeds (as those terms are defined in the Accounts Agreement), if and to the extent such Investment Proceeds and Income are credited to the balance of the Offshore General Account;
    - (vii) VAT Receivables; and
    - (viii) proceeds from the sale of any Carbon Credits (as defined in the ESC), actually received or (in the case of a future period but only with respect to any (x) Electricity Charges, (y) any Delay in Start-Up Insurance Proceeds and Business Interruption Insurance Proceeds if and to the extent that the relevant insurer has acknowledged in writing its liability to pay such Delay in Start-Up Insurance Proceeds or Business Interruption Insurance Proceeds, as the case may be and (z) VAT Receivables) projected to be received by the Borrower, in each case by way of deposit into the relevant Project Account pursuant to the provisions of the Accounts Agreement, during that period;
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minus

- (b) the aggregate of:
  - (i) Capital Costs;
  - (ii) Operating Costs (but excluding for this purpose any Pre-Completion Operating Costs and any Pre-Completion Make-Up Well Capital Costs); and
  - (iii) any other amount agreed by the Intercreditor Agent in writing, payable or (in the case of a future period) projected to be payable by the Borrower during that period, as adjusted by an amount equal to the net change in the balance of each of the Plant Maintenance Reserve Account and the Well Maintenance and Drilling Reserve Account during that period (to the intent that an increase in the balance of any such Project Account during that period shall result in a corresponding decrease in Project Cash Flow Available for Debt Service and a decrease in the balance of any such Project Account during that period shall result in a corresponding increase in Project Cash Flow Available for Debt Service).

**“Project Costs”**

means all costs and expenses incurred, or to be incurred, by the Borrower in connection with the design, development, engineering, procurement, construction, erection, commissioning and testing of the Electricity Generation Facilities, the Field Facilities and the Special Facilities, including (without double counting):

- (a) “Development Costs” (described as such in the Financial Model and which includes all Management Costs) in the amount of USD85,550,000;
  - (b) the USD70 million payment required to be made to PLN pursuant to the provisions of the New DOA;
  - (c) all Capital Costs incurred and payable prior to the Lenders’ Completion Date;
  - (d) each of the following, to the extent incurred, or to be incurred, and payable by the Borrower prior to the Lenders’ Completion Date:
    - (i) all spare parts, equipment and other inventory costs;
    - (ii) “SOL Scope” (described as such in the Financial Model) in the amount of USD23,930,000 specified as such in the Financial Model;
    - (iii) all costs and expenses associated with any LNTP;
    - (iv) fees and costs of the Borrower’s engineering, legal and other professional advisors in respect of the implementation of the Project and applications for the authorisations necessary or desirable for the implementation Project and in respect of filings made or to be made in respect of the implementation of the Project;
    - (v) the cost of any Governmental Authorisations necessary or desirable for the implementation of the Project and the cost of filings made or to be made in respect of the implementation of the Project;
    - (vi) the costs of acquiring and registering ownership of the Project Site, the Special Facilities Land and the Special Facilities ROWs;
    - (vii) the fees and costs of the Senior Lenders’ Advisors;
    - (viii) insurance premiums payable in respect of the Project Insurances listed in Part A and Part C of Schedule 7 ( *Project Insurances* ) prior to the end of the first month following the Lenders’ Completion Date; and
    - (ix) legal, accounting and other professional fees and costs incurred, or to be incurred, by the Borrower in connection with the negotiation and entry into of the Transaction Documents and the documents referred to in the Transaction Documents;
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- (e) all Operating Costs incurred and payable prior to the Unit COD of the Third Generating Unit;
  - (f) all Taxes, including any value added or similar Tax in respect of any of the items in this definition, to the extent imposed and payable prior to the Lenders' Completion Date;
  - (g) any Financing Costs accruing up to and including Unit COD of the Third Generating Unit;
  - (h) funding of the DSRA-1 up to the DSRA-1 Reserve Requirement for the Lenders' Completion Date;
  - (i) funding of the DSRA-2 up to the DSRA-2 Reserve Requirement for the Lenders' Completion Date;
  - (j) the funding of the EPRG Premium Reserve Account up to the EPRG Premium Reserve Requirement;
  - (k) funding of the Plant Maintenance Reserve Account up to the Plant Maintenance Reserve Requirement for the Lenders' Completion Date;
  - (l) funding of the Well Maintenance and Drilling Reserve Account up to the Well Maintenance and Drilling Reserve Requirement for the Lenders' Completion Date; and
  - (m) any other costs or expenses which the Intercreditor Agent and the Borrower agree shall constitute Project Costs; but excluding:
    - (i) with respect to any category of costs and expenses referred to above which is included only to the extent such costs and expenses are incurred prior to a specified date, any costs and expenses relating to such category to the extent incurred after the date (which shall include for the avoidance of doubt Operating Costs incurred or to be incurred after the Unit COD of the Third Generating Unit and Capital Costs incurred or to be incurred after the Lenders' Completion Date);
    - (ii) Repayment Instalments;
    - (iii) Hedging Termination Sums;
    - (iv) depreciation, non-cash charges, reserves, amortisation of intangibles and similar book-keeping entries; and
    - (v) any costs or liabilities which, but for this paragraph (v), would constitute Project Costs, where the same arise in relation to the restoration or reinstatement of any asset which is lost or damaged to the extent such costs or liabilities are or are to be, and are permitted under the Senior Finance Documents to be, funded out of any Insurance Proceeds, Performance Liquidated Damages or Delay Liquidated Damages.
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| <b>“Project Documents”</b>      | means:                                                                                                                                                                                                                                                  |
|                                 | (a) the Additional Project Documents;                                                                                                                                                                                                                   |
|                                 | (b) the Major Project Documents; and                                                                                                                                                                                                                    |
|                                 | (c) each other contract, agreement or document designated as a Project Document by the Intercreditor Agent and the Borrower.                                                                                                                            |
| <b>“Project Milestones”</b>     | means the Construction Milestones and the Drilling Milestones.                                                                                                                                                                                          |
| <b>“Project Milestone Date”</b> | means, with respect to a Project Milestone, the date specified as the Project Milestone Date for that Project Milestone in the relevant part of Schedule 12 ( <i>Project Milestones</i> ).                                                              |
| <b>“Project Insurances”</b>     | means the insurances and reinsurances required to be taken out in accordance with Schedule 7 ( <i>Project Insurances</i> ).                                                                                                                             |
| <b>“Project Revenues”</b>       | means:                                                                                                                                                                                                                                                  |
|                                 | (a) Electricity Charges;                                                                                                                                                                                                                                |
|                                 | (b) ESC Buyout Payments and payments by the GoI under the Government Guarantee which do not constitute ESC Buyout Payments;                                                                                                                             |
|                                 | (c) Delay Liquidated Damages;                                                                                                                                                                                                                           |
|                                 | (d) Compensation and Other Proceeds;                                                                                                                                                                                                                    |
|                                 | (e) Insurance Proceeds;                                                                                                                                                                                                                                 |
|                                 | (f) interest accrued on the balance standing to the credit of, and the proceeds from any Permitted Investments of amounts standing to the credit of, any Project Account (other than the Distributions Holding Account and the Distributions Accounts); |
|                                 | (g) rebates and refunds (including in respect of Tax), including VAT Receivables;                                                                                                                                                                       |
|                                 | (h) proceeds from any transfer or disposition of any assets;                                                                                                                                                                                            |
|                                 | (i) payments to the Borrower under any Project Document not referred to above;                                                                                                                                                                          |
|                                 | (j) payments to the Borrower under the Hedging Agreements; and                                                                                                                                                                                          |
|                                 | (k) all other revenues, income and other amounts received by the Borrower not specifically referred to above, payable or actually received by the Borrower.                                                                                             |

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| <b>“Project Schedule”</b>                      | means a schedule for the implementation of the Project up to the Lenders’ Completion Date prepared by the Borrower and delivered to the Intercreditor Agent for approval as a Condition Precedent to the First Advance and as updated in accordance with Clause 18.4 ( <i>Project Schedule</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Project Site”</b>                          | means the land (excluding the Special Facilities Land) marked in the document titled “Project Site Map” set out in Schedule 13 ( <i>Project Site</i> ) or otherwise agreed in writing by the Borrower and the Intercreditor Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Projected Debt Service Coverage Ratio”</b> | means, for any Calculation Date and for a Calculation Period, the ratio of: <ul style="list-style-type: none"> <li>(a) Project Cash Flow Available for Debt Service during that Calculation Period, to:</li> <li>(b) Scheduled Debt Service during that Calculation Period, as calculated and projected in accordance with the approved Debt Service Coverage Ratio Calculation Statement for that Calculation Date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Projected Project Costs”</b>               | means, at any time, the aggregate of the Project Costs which remain at that time to be paid in order to enable the Borrower to achieve the Lenders’ Completion Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Prudent Utility Practices”</b>             | means those practices, methods, techniques and standards, as changed from time to time, that are generally accepted internationally for use in geothermal power plants and commonly used in prudent electric and geothermal engineering and operation to design, engineer, construct, test, operate and maintain the Field Facilities, the Electricity Generation Facilities and facilities and equipment associated with the Project lawfully, safely and economically as applicable to power stations of the size, service and type of the Project and in a manner consistent with Applicable Law, the Material Governmental Authorisations and the Safeguards Requirements and, unless the Senior Lenders’ Technical Advisor agrees otherwise and to the extent that such agreed changes are incorporated into the most recent approved Operating Plan and Budget, the construction, operation and maintenance standards recommended by the Project’s equipment suppliers and manufacturers. |
| <b>“Public Communication Policy”</b>           | means the Public Communication Policy of Asian Development Bank Disclosure and Exchange of Information (March 2011).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Reference Banks”</b>                       | means: <ul style="list-style-type: none"> <li>(a) in the case of each Senior Loan made under a Senior Facility Agreement (other than the JBIC Facility Agreement), the principal London offices of The Bank of Tokyo-Mitsubishi UFJ, Ltd., ING Bank N.V., Mizuho Bank, Ltd., National Australia Bank Limited, Société Générale and Sumitomo Mitsui Banking Corporation or such other banks as may be agreed between the Borrower and the Intercreditor Agent; or</li> <li>(b) in the case of a Senior Loan made under the JBIC Facility Agreement, the JBIC Reference Banks (as defined in the JBIC Facility Agreement).</li> </ul>                                                                                                                                                                                                                                                                                                                                                             |

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| <b>“Reference Bank Rate”</b>                     | means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Intercreditor Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in Dollars for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in Dollars for that period. |
| <b>“Reimbursement and Subrogation Agreement”</b> | means the reimbursement and subrogation agreement between the Borrower, JBIC and the JBIC Facility Agent and dated the Signing Date.                                                                                                                                                                                                                                                                                                      |
| <b>“Related Agreement”</b>                       | has the meaning given to it in Clause 36.6(a) ( <i>Consolidation</i> ).                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Remedies”</b>                                | means the remedies referred to in Clause 21.27 ( <i>Remedies</i> ).                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Repayment Date”</b>                          | means each date on which a Repayment Instalment is scheduled to be made pursuant to the relevant provisions of the Senior Facility Agreement under which that Repayment Instalment is required to be made.                                                                                                                                                                                                                                |
| <b>“Repayment Instalment”</b>                    | means each instalment for repayment of Senior Loans outstanding under a Senior Facility which is scheduled to be made in accordance with the relevant Senior Facility Agreement, and “ <b>Repayment Instalments</b> ” means (unless the context requires otherwise) all Repayment Instalments under the Senior Facilities.                                                                                                                |
| <b>“Repayment Schedule”</b>                      | means, with respect to a Senior Facility, the schedule for the repayment of Senior Loans outstanding under that Senior Facility set out in the Senior Facility Agreement for that Senior Facility.                                                                                                                                                                                                                                        |
| <b>“Replacement Senior Lender”</b>               | has the meaning given to it in Clause 28.12(b) ( <i>Replacement of a Covered Lender</i> ).                                                                                                                                                                                                                                                                                                                                                |
| <b>“Representative”</b>                          | means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.                                                                                                                                                                                                                                                                                                                                               |
| <b>“Required Credit Rating”</b>                  | means a long term USD unsecured debt credit rating of at least “A-” by Standard & Poor’s or “A3” by Moody’s or an equivalent credit rating by another credit rating agency acceptable to the Intercreditor Agent.                                                                                                                                                                                                                         |
| <b>“Reservoir Monitoring Report”</b>             | means a report substantially in the form of Schedule 10 ( <i>Form Of Reservoir Monitoring Report</i> ).                                                                                                                                                                                                                                                                                                                                   |

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| <b>“Restoration”</b>        | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Restoration Plan”</b>   | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“ Restricted Party ”</b> | <p>means any person that is:</p> <ul style="list-style-type: none"> <li>(a) listed on, or owned or controlled by a person listed on, a Sanctions List;</li> <li>(b) a government of a Sanctioned Country;</li> <li>(c) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country;</li> <li>(d) resident or located in, operating from, or incorporated under the laws of, a Sanctioned Country; or</li> <li>(e) to the best knowledge of the Borrower (acting with due care and enquiry), otherwise a target of Sanctions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Restricted Payment”</b> | <p>means any:</p> <ul style="list-style-type: none"> <li>(a) dividend (whether in the form of cash or property or otherwise) or any other payment or distribution on or with respect to any interest in the share capital of a Borrower Entity;</li> <li>(b) purchase, redemption, retirement or other acquisition of any interest in the share capital of a Borrower Entity;</li> <li>(c) option or warranty in respect of any interest in the share capital of a Borrower Entity;</li> <li>(d) payment, prepayment or repayment (whether in the form of cash or property or otherwise) with respect to the principal, interest, fees, costs or otherwise under any Subordinated Shareholder Loan Agreement; or</li> <li>(e) payment of any development, management or other fee, or any other payment to any Equity Party or any Affiliate of any Equity Party of whatever nature, whether under any Transaction Document or otherwise;</li> </ul> <p>but excluding:</p> <ul style="list-style-type: none"> <li>(i) any Permitted Equity Party Payments;</li> <li>(ii) any payment permitted under Clause 3.16 ( <i>Distributions Accounts</i> ) of the Accounts Agreement; and</li> <li>(iii) any other payment approved in writing by the Intercreditor Agent.</li> </ul> |

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| <b>“Retainage”</b>                               | has:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                  | (a) in the case of the Power Plant Supply Contract, the meaning given in the Power Plant Supply Contract; and                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                  | (b) in the case of the Power Plant Construction Contract, the meaning given in the Power Plant Construction Contract.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“RRP”</b>                                     | has the meaning given to it in Clause 30.3 ( <i>ADB Disclosure Obligations</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Rules”</b>                                   | has the meaning given to it in Clause 36.1(a) ( <i>Disputes</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Rupiah” or “IDR”</b>                         | means the lawful currency of Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Safeguards and Social Claim”</b>             | means, with respect to the Borrower, any administrative, regulatory or judicial action or any written notice, claim, suit, lien, judgment or demand by any other person or Governmental Authority in Indonesia which alleges circumstances which (if established) would constitute a Safeguards and Social Non-Compliance.                                                                                                                                                                                                               |
| <b>“Safeguards and Social Documents”</b>         | means: <ul style="list-style-type: none"> <li>(a) the ESIA;</li> <li>(b) the ESMP</li> <li>(c) the AMDAL;</li> <li>(d) the Environmental and Social Action Plan;</li> <li>(e) each Corrective Action Plan and any other document required to be prepared by the Borrower under the Safeguards Requirements setting out any preventative and corrective actions; and</li> <li>(f) any other document, plan or programme designated in writing by the Intercreditor Agent and the Borrower as a Safeguards and Social Document.</li> </ul> |
| <b>“Safeguards and Social Monitoring Report”</b> | means each report prepared by the Borrower in accordance with the Safeguards Requirements, for monitoring and measuring the progress of implementation of the Safeguards and Social Documents.                                                                                                                                                                                                                                                                                                                                           |
| <b>“Safeguards &amp; Social Non-compliance”</b>  | means a failure of the Borrower to comply with, or conduct of the Borrower that is inconsistent with, its obligations under the Safeguards and Social Provisions.                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Safeguards and Social Provisions”</b>        | means: <ul style="list-style-type: none"> <li>(a) the Safeguards Requirements; and</li> <li>(b) the Safeguards and Social Documents.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                          |

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**“Safeguards Requirements”** means:

- (a) the requirements of the Environmental and Social Laws;
- (b) the IFC Policy and Performance Standards on Social and Environmental Sustainability dated 1 January 2012, but excluding any amendments, renewals, replacements, extensions, modifications or supplements after the Signing Date; and
- (c) the Equator Principles.

**“Sanctioned Country”** means any country or other territory subject to a general export, import, financial or investment embargo under any Sanctions, which, as of the Signing Date, includes Cuba, Iran, Myanmar, North Korea, North Sudan, South Sudan and Syria.

**“Sanctions”** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Sanctions Authority.

**“Sanctions Authority”** means (i) the United States of America, (ii) the United Nations Security Council, (iii) the European Union, (iv) the United Kingdom, (v) the respective governmental institutions of any of the foregoing including Her Majesty’s Treasury, the Office of Foreign Assets Control of the United States of America Department of the Treasury, the United States of America Department of Commerce, the United States of America Department of State and any other agency of the government of the United States of America or (vi) any other authority deemed applicable to a Senior Lender.

**“Sanctions List”** means any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time.

**“Scheduled Date of Commercial Generation”** has the meaning given to it in the ESC.

**“Scheduled Debt Service”** means, for any period, an amount equal to the aggregate of:

- (a) Financing Costs accruing or (in the case of a future period) projected to accrue; and
- (b) Repayment Instalments payable or (in the case of a future period) projected to be payable, in that period, less all amounts accrued or (in the case of a future period) projected to accrue for payment to the Borrower in that period under the Hedging Agreements.

**“Scheduled Substantial Completion Date”** has the meaning given to it in the Power Plant Supply Contract, as may be adjusted in accordance with the Coordination Agreement.

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| <b>“Scheduled Unit COD”</b>     | means, in respect of: <ul style="list-style-type: none"> <li>(a) the First Generating Unit, 29 months after the Notice to Proceed is issued under the Power Plant Construction Contract and the Power Plant Supply Contract;</li> <li>(b) the Second Generating Unit, the date that occurs 40 months after the date the Notice to Proceed is issued under the Power Plant Construction Contract and the Power Plant Supply Contract; and</li> <li>(c) the Third Generating Unit, the date that occurs 46 months after the date the Notice to Proceed is issued under the Power Plant Construction Contract and the Power Plant Supply Contract, in each case, as extended to take into account any extensions to the Scheduled Date of Commercial Generation made pursuant to Section 9 ( <i>Force Majeure</i> ) of the ESC and applied to the whole Generating Unit, provided that no such extension shall result in the applicable Scheduled Unit COD occurring after the relevant Unit COD Sunset Date.</li> </ul>         |
| <b>“Screen Rate”</b>            | means: <ul style="list-style-type: none"> <li>(a) in the case of any Floating Rate Senior Loan made under the JBIC Facility Agreement, the “Screen Rate” as defined in the JBIC Facility Agreement); or</li> <li>(b) in the case of any Floating Rate Senior Loan made under the ADB Facility Agreement or the Covered Lenders Facility Agreement, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for US Dollars and the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Intercreditor Agent may specify another page or service displaying the relevant rate after consultation with the Borrower and the Senior Lenders.</li> </ul> |
| <b>“Second ESC Amendment”</b>   | means the Second Amendment to Sarulla Energy Sales Contract dated 4 April 2013 entered into by and between PGE, PLN and the Borrower that amends the Original ESC (as amended by the First ESC Amendment) and the First ESC Amendment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Second Generating Unit”</b> | means the third and fourth of the Units to be installed and commissioned in accordance with the ESC with a combined Guaranteed Net Dependable Capacity of 107.7 MW and located at the Namora-I-Langit Field.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Security Agents”</b>        | means each of the Onshore Security Agent and the Offshore Security Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| <b>“Security Documents”</b>            | means each of: <ul style="list-style-type: none"> <li>(a) the Offshore Security Documents;</li> <li>(b) the Onshore Security Documents; and</li> <li>(c) any other document entered into from time to time as a further guarantee of or surety for amounts outstanding under the Senior Finance Documents and/or the Hedging Agreements or entered into pursuant to any further assurance provisions set out in any Senior Finance Document , and which the Intercreditor Agent designates as a Security Document.</li> </ul> |
| <b>“Security Interest”</b>             | means any mortgage, charge, pledge, hypothecation, fiduciary security, lien, encumbrance, assignment by way of security or other security interest or any other arrangement having the effect of conferring security (whether in-rem security or contractual or other security), including a conditional sale, hire purchase or finance lease or other title retention agreement, or any power of attorney or any arrangement whereby rights are subordinated to the rights of a third party.                                 |
| <b>“Senior-1 Facilities”</b>           | means ADB Tranche A, the Covered Lenders Facility and the JBIC Facility.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“ Senior-2 Facilities ”</b>         | means ADB Tranche B and ADB Tranche C.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Senior Debt Provisional Limit”</b> | means, at any time, an amount equal to the Total Commitment minus the Top-Up Advance Commitment.                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Senior Facilities”</b>             | means: <ul style="list-style-type: none"> <li>(a) the Senior-1 Facilities; and</li> <li>(b) the Senior-2 Facilities, and “ <b>Senior Facility</b> ” means any one of any of them.</li> </ul>                                                                                                                                                                                                                                                                                                                                  |
| <b>“Senior Facility Agreements”</b>    | means each of: <ul style="list-style-type: none"> <li>(a) the ADB Facility Agreement;</li> <li>(b) the Covered Lenders Facility Agreement; and</li> <li>(c) the JBIC Facility Agreement.</li> </ul>                                                                                                                                                                                                                                                                                                                           |
| <b>“Senior Finance Documents”</b>      | means: <ul style="list-style-type: none"> <li>(a) each Acceptable Equity Contribution LC;</li> <li>(b) the Accounts Agreement;</li> <li>(c) this Agreement;</li> </ul>                                                                                                                                                                                                                                                                                                                                                        |

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- (d) each Direct Agreement;
- (e) each Eligible Reserve Account LC;
- (f) the EPRG;
- (g) each Equity Support Deed;
- (h) each Fee Letter;
- (i) each Hedging Agreement;
- (j) the Intercreditor Deed;
- (k) each Deed of Accession – Hedging Counterparties;
- (l) each Deed of Novation – Senior Lenders;
- (m) the Reimbursement and Subrogation Agreement;
- (n) each Security Document;
- (o) each Senior Facility Agreement; and
- (p) each other document designated in writing by the Borrower and the Intercreditor Agent to be a Senior Finance Document.

**“Senior Finance Party”** means:

- (a) each Agent;
- (b) JBIC (in its capacity as provider of the EPRG);
- (c) each Senior Lender; and
- (d) each Mandated Lead Arranger.

**“Senior Lender”** means:

- (a) each of ADB, JBIC and each Covered Lender referred to in paragraph (a) of the definition thereof; and
- (b) each New Senior Lender, which in each case has not ceased to be a Party in its capacity as a Senior Lender in accordance with the provisions of this Agreement.

**“Senior Lenders’ Advisors”** means the Senior Lenders’ Reserves Consultant, the Senior Lenders’ Insurance Consultant, the Senior Lenders’ Technical Advisor, the Senior Lenders’ Environmental and Social Consultant, the Senior Lenders’ Model Auditor and each other advisor appointed by the Intercreditor Agent in accordance with Clause 29 ( *Advisors* ).

**“Senior Lenders’ Advisors Appointment Letters”** means the agreement or agreements to be entered into by the Intercreditor Agent and each Senior Lenders’ Advisor confirming such Senior Lenders’ Advisor’s appointment.

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| <b>“Senior Lenders’ Environmental and Social Consultant”</b> | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>(a) ENVIRONCORP Consulting Services (S) Pte Ltd or an affiliate thereof; or</li> <li>(b) any other reputable firm of environmental advisors as the Intercreditor Agent may appoint in consultation with the Borrower.</li> </ul> |
| <b>“Senior Lenders’ Insurance Consultant”</b>                | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>(a) PT Aon Indonesia or an affiliate thereof; or</li> <li>(b) any other reputable firm of insurance advisors as the Intercreditor Agent may appoint in consultation with the Borrower.</li> </ul>                                |
| <b>“Senior Lenders’ Model Auditor”</b>                       | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>(a) BDO Transaction Services (East Coast Practice) Pty Ltd; or</li> <li>(b) any other reputable firm of financial model auditors as the Intercreditor Agent may appoint in consultation with the Borrower.</li> </ul>            |
| <b>“Senior Lenders’ Reserves Consultant”</b>                 | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>(a) GeothermEx, Inc.; or</li> <li>(b) any other reputable firm of geothermal resource advisors as the Intercreditor Agent may appoint in consultation with the Borrower.</li> </ul>                                              |
| <b>“Senior Lenders’ Technical Advisor”</b>                   | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>(a) Lummus Consultants International, Inc.; or</li> <li>(b) any other reputable firm of technical advisors as the Intercreditor Agent may appoint in consultation with the Borrower.</li> </ul>                                  |
| <b>“Senior Loan”</b>                                         | means the principal amount outstanding of any Advance made under a Senior Facility and <b>“ Senior Loans ”</b> means the aggregate principal amount then outstanding of all Advances made under the Senior Facilities (or, where the context permits, one or more particular Senior Facilities).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                         |
| <b>“Senior Secured Liabilities”</b>                          | means all present and future sums, obligations and liabilities whatsoever (actual or contingent, joint or several or joint and several) payable, owing, due or incurred by the Borrower to the Senior Secured Parties under or in connection with the Senior Finance Documents (including at law or in equity), whether or not matured and whether or not liquidated (including without limitation any right of subrogation), including (without duplication) in respect of:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                         |
|                                                              | <ul style="list-style-type: none"> <li>(a) the Senior Loans (and all interest thereon) and all other obligations, advances, debts and liabilities of the Borrower, and each Equity Party, including indemnities, fees, interest, Breakage Costs, Hedging Termination Sums and Hedging Costs incurred under, arising out of or in connection with the Senior Loans, this Agreement, any Senior Facility Agreement, each Fee Letter, the Hedging Agreements or any other Senior Finance Document (whether or not evidenced by any note or instrument and whether or not for the payment of money);</li> <li>(b) any and all sums advanced by any Agent in order to preserve the interest of any Senior Secured Party in any Transaction Security; and</li> <li>(c) in the event of any proceedings for the collection or enforcement of any of the foregoing while an Event of Default subsists, the expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realising any asset which is the subject of a Security Document, or of any exercise by an Agent of its rights under the Security Documents, together with reasonable attorneys’ fees and court costs.</li> </ul> |                                                                                                                                                                                                                                                                         |

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| <b>“Senior Secured Liabilities Discharge Date”</b> | <p>means the date on which:</p> <ul style="list-style-type: none"> <li>(a) all amounts which may be or become payable by the Borrower or any Equity Party to the Senior Secured Parties under or in connection with the Senior Finance Documents have been irrevocably paid in full to the satisfaction of the Intercreditor Agent; and</li> <li>(b) no Senior Secured Party has any undischarged actual or contingent liability (including any unutilised Commitment) under or in connection with the Senior Finance Documents.</li> </ul> |
| <b>“Senior Secured Parties”</b>                    | means each Senior Finance Party and each Hedging Counterparty.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Shareholders”</b>                              | means the Itochu Shareholder, the Kyushu Shareholder, Medco and the Ormat Shareholder, and each other person that becomes a Shareholder pursuant to Clause 8 ( <i>Ownership Restrictions</i> ) of an Equity Support Deed.                                                                                                                                                                                                                                                                                                                   |
| <b>“Shareholders Agreement”</b>                    | means the Amended and Restated Shareholders’ Agreement dated 11 July 2008 between the Shareholders and the Operator (which replaced and amended the prior Shareholders Agreement dated 7 December 2007) as amended on 4 April 2013 and as amended pursuant to an addendum to be entered into on or about the Signing Date and delivered to the Intercreditor Agent pursuant to paragraph 5(a) of Schedule 2.                                                                                                                                |



**“Significant Safeguards and Social Non-Compliance”** means any Safeguards and Social Non-Compliance which:

- (a) is an intentional or reckless disregard of any specific prohibition, commitment or obligation set out in the Safeguards and Social Provisions;
- (b) has resulted in or is likely to result in significant, severe or irreversible damage or impact on the environment or damage, impact or harm to the lives, livelihood, quality of life, health, safety, security, property or cultural heritage of affected people; or
- (c) has or is likely to have a material and adverse impact on the reputation or business of a Senior Lender.

**“Significant Safeguards and Social Reporting Event”** means:

- (a) the release of any Hazardous Substance on or from any property associated with the Project other than in accordance with the Safeguards and Social Provisions;
- (b) any unanticipated incident, accident or circumstance which has resulted in or is likely to result in significant, severe or irreversible damage or impact on the environment, or damage, impact or harm to the lives, livelihood, quality of life, health, safety, security, property or cultural heritage of affected people;
- (c) any incident or accident in connection with the Project resulting in death or significant injury;
- (d) any material explosion or fire at or on any property associated with the Project; and/or
- (e) any other grievance or claim by a party in relation to any of the foregoing which may materially prejudice the business, operations, financial or reputational standing of any Senior Finance Party.

**“Signing Date”** means the date specified on the front page of this Agreement.

**“Silangkitang Field”** means the geothermal reservoir in the area of the Project Site referred to as Silangkitang.

**“Special Facilities”** has the meaning given to it in the ESC.

**“Special Facilities Land”** means the land upon which the footings for the transmission towers forming part of the Special Facilities are located.

**“Special Facilities ROW”** means the rights of way that permit access to:

- (a) the Special Facilities and Special Facilities Land (if required); and
  - (b) the transmission lines, which form part of the Special Facilities, to pass over land owned by third parties.
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| <b>“Special Facilities Taking Over Date”</b>                 | has the meaning given to it in the ESC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Specified International Finance Institution”</b>         | means the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group and the World Bank Group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Sponsors”</b>                                            | means: <ul style="list-style-type: none"> <li>(a) Itochu;</li> <li>(b) Kyushu;</li> <li>(c) Ormat;</li> <li>(d) Medco; and</li> <li>(e) each other person that becomes a Sponsor pursuant to Clause 8 ( <i>Ownership Restrictions</i> ) of an Equity Support Deed.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Spot Rate of Exchange”</b>                               | means : <ul style="list-style-type: none"> <li>(a) with respect to the conversion of USD into Rupiah or Rupiah into USD, the IDR/USD exchange rate determined as the average of Bank Indonesia’s spot rates of exchange for buying and selling of USD with Rupiah or Rupiah with USD as published on its website for telegraphic transfer transaction rates at or about 11:00 a.m. (Jakarta time) on the date of conversion, provided that, if in any month, such rate does not appear on Bank Indonesia’s website for each day of such month, the USD/Rp exchange rate for buying and selling of USD with Rp or Rp with USD announced by Bank Indonesia at or about 11:00 a.m. (Jakarta time) on the relevant date will be used; and</li> <li>(b) with respect to the conversion of any other currency (the first currency) into USD, the spot rate of exchange for the purchase of USD with the first currency offered by the Intercreditor Agent at or about 11.00 a.m. Singapore time on the date of the conversion.</li> </ul> |
| <b>“Standard &amp; Poor’s”</b>                               | means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Subordinated Shareholder Loan”</b>                       | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of each Equity Support Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Subordinated Shareholder Loan Agreement”</b>             | has the meaning given to it in each Equity Support Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Subordinated Shareholder Loan Assignment Agreements”</b> | has the meaning given to it in each Equity Support Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| <b>“Subrogation Rights”</b>                                   | has the meaning given to it in Clause 28.13 ( <i>Subrogation and Assignment</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Subsequent Hedging Obligations”</b>                       | means any Hedging Costs and Hedging Termination Sums payable or owing by the Borrower to any Hedging Counterparty under or in connection with any Hedging Transaction (including any novated or transferred Hedging Transaction) entered into (including by way of novation or transfer) after the Hedging Cut-Off Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Subsidiary”</b>                                           | means, in relation to any company or entity, any company or entity: <ul style="list-style-type: none"> <li>(a) which is controlled, directly or indirectly, by the first-mentioned company or entity;</li> <li>(b) of which more than fifty per cent. (50%) of the issued share capital or equivalent right of ownership is beneficially owned, directly or indirectly, by the first-mentioned company or entity; or</li> <li>(c) which is a subsidiary of another subsidiary (within this definition) of the first-mentioned company or entity, and, for these purposes, a company or entity is treated as being “ <b>controlled</b> ” by a company or entity if that other company or entity is able to direct its affairs and/or to control the composition of its board of directors or equivalent body, in each case, whether by contract or otherwise.</li> </ul> |
| <b>“Substantial Completion”</b>                               | has the meaning given to it in the Power Plant Construction Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Substantial Completion Date”</b>                          | has the meaning given to it in the Power Plant Construction Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Supplementary Lenders’ Information Package” or “SLIP”</b> | means the set of document demonstrating the Project's substantive application of (and to the extent applicable, compliance with) the Equator Principles.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Tax”</b>                                                  | means any tax (including income tax and VAT), levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority in any relevant jurisdiction and includes any interest, penalty or other charge payable or claimed in respect thereof, and “ <b>Taxation</b> ” shall be construed accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Tax Credit”</b>                                           | has the meaning given to it in Clause 9.2 ( <i>Tax Credits</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Tax Deduction”</b>                                        | means a deduction or withholding for or on account of Tax from a payment under a Senior Finance Document, other than a FATCA Deduction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Tax Payment”</b>                                          | means an increased payment made by the Borrower to the Senior Lender under Clause 9.1 ( <i>Tax gross-up</i> ) or a payment under Clause 25.2 ( <i>Tax Indemnity</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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| <b>“Technical Assumptions”</b>                         | means the assumptions set out in the Financial Model approved as a Condition Precedent to First Advance relating to technical matters as may be amended in accordance with Clause 18.1 ( <i>Financial Model</i> ).                                                   |
| <b>“Technical Support Agreements”</b>                  | means: <ul style="list-style-type: none"> <li>(a) the Medco Technical Support Agreement;</li> <li>(b) the NAES Technical Support Agreement; and</li> <li>(c) the WestJEC Technical Support Agreement.</li> </ul>                                                     |
| <b>“Technical Support Agreement Providers”</b>         | means each of Medco ,NAES, and WestJEC                                                                                                                                                                                                                               |
| <b>“Technical Support Agreements Termination Date”</b> | means the date on which the NAES Technical Support Agreement and the WestJEC Technical Support Agreement terminates by expiry of its term (being, initially, at least two years after the Lenders’ Completion Date), as such term may be extended from time to time. |
| <b>“Third Generating Unit”</b>                         | means the fifth and sixth units to be installed and commissioned in accordance with the ESC with a combined Guaranteed Net Dependable Capacity of 107.7 MW and located at the Namora-I-Langit Field.                                                                 |
| <b>“Top-Up Advance”</b>                                | has the meaning given to it in Clause 3.4 ( <i>Top-Up Advances</i> ).                                                                                                                                                                                                |
| <b>“Top-Up Advance Commitment”</b>                     | means the amount of USD21,871,721, which comprises part of the Total Commitment, as reduced or cancelled from time to time.                                                                                                                                          |
| <b>“Total Base Equity Commitment”</b>                  | means USD352,738,432, which includes the Total Core Base Equity Commitment and the Total Top-Up Base Equity Commitment, and which comprises the aggregate of each “Base Equity Commitment” (as that term is defined in each Equity Support Deed).                    |
| <b>“Total Commitment”</b>                              | means the aggregate of the ADB Commitment, the JBIC Commitment and the Covered Lenders Commitment, being USD1,170,095,178 as at the Signing Date.                                                                                                                    |
| <b>“Total Contingent Equity Commitment”</b>            | means USD93,612,938, which comprises the aggregate of each “Contingent Equity Commitment” (as that term is defined in each Equity Support Deed).                                                                                                                     |
| <b>“Total Core Base Equity Commitment”</b>             | means USD343,484,892, which comprises the aggregate of each “Core Base Equity Commitment” (as that term is defined in each Equity Support Deed).                                                                                                                     |
| <b>“Total Loss”</b>                                    | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                          |
| <b>“Total Top-Up Base Equity Commitment”</b>           | means the amount of USD9,253,540, which comprises the aggregate of each “Top-Up Base Equity Commitment” (as that term is defined in each Equity Support Deed).                                                                                                       |

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| <b>“Transaction Documents”</b>          | means:                                                                                                                                                                                                                                                               |
|                                         | (a) the Equity Documents;                                                                                                                                                                                                                                            |
|                                         | (b) the Project Documents; and                                                                                                                                                                                                                                       |
|                                         | (c) the Senior Finance Documents.                                                                                                                                                                                                                                    |
| <b>“Transaction Security”</b>           | means the Security Interests created under the Security Documents.                                                                                                                                                                                                   |
| <b>“Trust Accounts”</b>                 | means:                                                                                                                                                                                                                                                               |
|                                         | (a) the Disputed Amounts Trust Account; and                                                                                                                                                                                                                          |
|                                         | (b) the General Trust Account.                                                                                                                                                                                                                                       |
| <b>“Trust Account Agreement”</b>        | means the trust agreement between PGE, the Borrower, the Trust Account Bank and the Trust Account Trustee entered or to be entered into with respect to the Trust Accounts.                                                                                          |
| <b>“Trust Account Bank”</b>             | means the bank appointed as the trust account bank pursuant to the Trust Account Agreement and at the Signing Date means Union Bank, N.A.                                                                                                                            |
| <b>“ Trust Account Consent Letter ”</b> | means the direct agreement with respect to the Trust Account Agreement, entered or to be entered into by the Trust Account Trustee, the Trust Account Bank, PGE, the Borrower and the Offshore Security Agent.                                                       |
| <b>“Trust Account Trustee”</b>          | means the trustee appointed pursuant to the Trust Account Agreement and at the Signing Date means Union Bank, N.A.                                                                                                                                                   |
| <b>“Unit COD”</b>                       | means, in respect of a Generating Unit, the date on which:                                                                                                                                                                                                           |
|                                         | (a) Substantial Completion for that Generating Unit has occurred in accordance with the provisions of the Power Plant Construction Contract, as certified by the Senior Lenders’ Technical Advisor;                                                                  |
|                                         | (b) the Unit Rated Capacity Test for that Generating Unit has been conducted in accordance with the ESC and which demonstrates that the Unit Rated Capacity of that Generating Unit is at least the Guaranteed Net Dependable Capacity for that Generating Unit; and |
|                                         | (c) in respect of:                                                                                                                                                                                                                                                   |
|                                         | (i) the First Generating Unit, either:                                                                                                                                                                                                                               |
|                                         | (A) the Borrower has received:                                                                                                                                                                                                                                       |
|                                         | (1) three payments from PLN of the Electricity Charge by way of deposit into the relevant Project Account pursuant to the provisions of the Accounts Agreement;                                                                                                      |

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- (2) such payments relate to three (3) invoices issued to PLN covering a period of at least two (2) months in the aggregate;
    - (3) each payment reflects that the Borrower delivered and generated Electricity from the First Generating Unit representing at least ninety per cent (90%) of the Unit Rated Capacity of the First Generating Unit during the period covered by the invoices and that the portion of such payment so represented is undisputed by PLN; and
    - (4) there were no Deemed Dispatch Kwhs (as defined in the ESC) during the period covered by the invoices; or (B)PLN has certified, in writing, that the Date of Commercial Generation of the First Generating Unit has occurred and that the Unit Rated Capacity of the First Generating Unit is not less than 83 MW; or
  - (ii) in respect of each of the Second Generating Unit and the Third Generating Unit, either:
    - (A) the Borrower has received:
      - (1) one payment from PLN of the Electricity Charge by way of deposit into the relevant Project Account pursuant to the provisions of the Accounts Agreement;
      - (2) such payment covers a period of at least one (1) month in the aggregate;
      - (3) such payment reflects that the Borrower delivered and generated Electricity from the Second Generating Unit or the Third Generating Unit (as applicable) representing at least ninety per cent (90%) of the Unit Rated Capacity of the Second Generating Unit or the Third Generating Unit (as applicable) during the period covered by that invoice and that the portion of such payment so represented is undisputed by PLN; and
      - (4) there were no Deemed Dispatch Kwhs (as defined in the ESC) during the period covered by that invoice; or (B)PLN has certified, in writing, that the Date of Commercial Generation of the Second Generating Unit or the Third Generating Unit (as applicable) has occurred.
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| <b>“Unit COD Sunset Date”</b>     | means:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                   | <ul style="list-style-type: none"> <li>(a) in relation to the First Generating Unit : <ul style="list-style-type: none"> <li>(i) with respect to the requirements set out in paragraphs (a) and (b) of the definition of “Unit COD” such requirements apply to the First Generating Unit, the date which is 32 months after the NTP Date; and</li> <li>(ii) with respect to the requirements set out in paragraph (c) of the definition of “Unit COD” as such requirements apply to the First Generating Unit, the date which is 34 months after the NTP Date;</li> </ul> </li> <li>(b) in relation to the Second Generating Unit , the date which is 43 months after the NTP Date; and</li> <li>(c) in relation to the Third Generating Unit, the date which is 49 months after the NTP Date.</li> </ul> |
| <b>“Unit Rated Capacity”</b>      | means, in relation to a Generating Unit, the actual net kilowatt generating capacity achieved during the Unit Rated Capacity Test of such Generating Unit measured at the Unit Metering Point (as that term is defined in the ESC) and determined by the Unit Rated Capacity Test.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Unit Rated Capacity Test”</b> | has the meaning given to it in the ESC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“US”</b>                       | means the United States of America.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“USD” or “Dollars”</b>         | means the lawful currency of the United States of America.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“US PPI”</b>                   | means, in respect of any adjustment to be made in any year, the U.S. Producer Price Index for Metals and Metal Products Index, published by the U.S. Department of Labor, Bureau of Labor Statistics, Producer Prices and Price Indexes, Series ID WPU10 for the year preceding the year for which such adjustment is to be made; provided that if such index as published from time to time is unavailable, the US PPI shall mean the index, in substance similar thereto, selected by the Intercreditor Agent (acting reasonably) in consultation with the Borrower and the Senior Lenders’ Technical Advisor.                                                                                                                                                                                          |

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| <b>“VAT Receivables”</b>                                   | means any net amounts payable by a Governmental Authority to the Borrower in accordance with Applicable Law on account of reimbursement of VAT amounts paid by the Borrower; provided that, when determining the projected amount of VAT Receivables for the purpose of the definition of Project Cash Flow Available for Debt Service in Clause 1.1 ( <i>Definitions</i> ), (i) the assumptions used to determine such amount shall have been agreed between the Borrower and the Senior Lenders’ Model Auditor (for the purposes of the Financial Model) or the Intercreditor Agent (for all other purposes) from time to time and (ii) each such amount shall be determined by the Borrower in good faith, on reasonable grounds, and in a manner consistent with those assumptions. |
| <b>“Well Maintenance and Drilling Expenses”</b>            | means expenditure for: <ul style="list-style-type: none"> <li>(a) maintenance of the geothermal wells; and</li> <li>(b) drilling of make-up wells and/or workovers of geothermal wells.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Well Maintenance and Drilling Projection”</b>          | has the meaning given to it in Clause 18.8(a) ( <i>Well Maintenance and Drilling Projection</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Well Maintenance and Drilling Reserve Account”</b>     | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Well Maintenance and Drilling Reserve Requirement”</b> | has the meaning given to it in Clause 1.1 ( <i>Definitions</i> ) of the Accounts Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Well Testing Facilities”</b>                           | has the meaning given to it in the Initial Drilling Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“WestJEC”</b>                                           | means West Japan Engineering Consultants, Inc..                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“ WestJEC Direct Agreement”</b>                         | means the direct agreement with respect to the WestJEC Technical Support Agreement, entered or to be entered into by WestJEC, the Operator and the Offshore Security Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“WestJEC Technical Support Agreement”</b>               | means the agreement entered or to be entered into by the Operator and WestJEC in connection with the provision of engineering consultancy services to the Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Works”</b>                                             | means: <ul style="list-style-type: none"> <li>(a) in the case of the Power Plant Supply Contract, the “Supply Works” (as defined in the Power Plant Supply Contract);</li> <li>(b) in the case of the Power Plant Construction Contract, the “Construction Works” (as defined in the Power Plant Construction Contract); and</li> <li>(c) in the case of the Coordination Agreement, the “Works” (as defined in the Coordination Agreement).</li> </ul>                                                                                                                                                                                                                                                                                                                                 |

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## 1.2 Construction

In this Agreement, unless the context requires otherwise, any reference to:

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| <b>“amendment”</b>               | includes a supplement, novation, extension (whether of maturity or otherwise), restatement or re-enactment or replacement, however fundamental and whether or not more onerous and <b>“amended”</b> will be construed accordingly;                                                                                                                                                                                                    |
| <b>“approved”</b>                | means, when used with reference to any Drilling Program, Financial Model, Debt Service Coverage Ratio Statement, Operating Plan and Budget, Plant Maintenance Projection, Project Budget, Project Schedule or Well Maintenance and Drilling Projection, that such model, statement, plan and budget, projection or schedule has become final and binding on the Parties in accordance with the relevant provisions of this Agreement; |
| <b>“asset”</b>                   | includes any present or future asset, revenue, property or right and includes uncalled capital;                                                                                                                                                                                                                                                                                                                                       |
| <b>“authorisation”</b>           | includes any approval, consent, licence, permit, franchise, permission, registration, resolution, direction, declaration or exemption;                                                                                                                                                                                                                                                                                                |
| <b>“certified copies”</b>        | means a certificate signed by an Authorised Representative of a person attaching a copy of one or more documents and confirming that such copy is a true, complete, current and accurate copy of the relevant document(s) and that such document (s) remain unamended and in full force and effect as of the date of such certificate;                                                                                                |
| <b>“enforce”</b>                 | together with all grammatical variations thereof, includes all methods of enforcement or suit and, when used in the context of a Senior Secured Party enforcing rights under or in connection with the Senior Finance Document, includes the exercise of any Remedies;                                                                                                                                                                |
| <b>“including” or “includes”</b> | means including or includes without limitation;                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“indebtedness”</b>            | includes any obligation for the payment or repayment of money, whether present or future, actual or contingent, and whether incurred as principal or as surety;                                                                                                                                                                                                                                                                       |
| <b>“law” or “regulation”</b>     | includes any constitutional provision, treaty, convention, statute, act, law, directive, decree, ordinance, subsidiary or subordinate legislation, order, rule or regulation having the force of law and any rule of civil or common law or equity;                                                                                                                                                                                   |

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| <b>“order”</b>                    | includes any judgment, injunction, decree, determination or award of any court, arbitration or administrative tribunal;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“person”</b>                   | includes any individual, company, body corporate or unincorporate or other juridical person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government or agency of any of the foregoing;                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“projected”</b>                | means, where used in the context of calculating or projecting an amount for the purpose of determining a Projected Debt Service Coverage Ratio for a Calculation Date, that the amount is calculated in accordance with the approved Debt Service Coverage Ratio Calculation Statement for that Calculation Date; and                                                                                                                                                                                                                                                                                                                                     |
| <b>“subsisting” or “subsists”</b> | means: <ul style="list-style-type: none"> <li>(a) with respect to any Potential Event of Default, that such Potential Event of Default is not remedied and is unwaived; or</li> <li>(b) with respect to any Event of Default, that: <ul style="list-style-type: none"> <li>(i) such Event of Default is not remedied to the satisfaction of the Intercreditor Agent, provided that this paragraph (i) shall not apply if and to the extent that any Senior Lender has commenced the enforcement of any of its rights under or in connection with the Senior Finance Documents; or</li> <li>(ii) such Event of Default is unwaived.</li> </ul> </li> </ul> |

### 1.3 Successors and Assigns

A reference to a person includes, where the context permits, its permitted successors and permitted assigns and any person or persons deriving title therefrom.

### 1.4 Miscellaneous

In this Agreement, unless the context requires otherwise:

- (a) Statutes : references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
  - (b) Construction : words importing the singular include the plural and *vice versa* ; words importing a gender include the other gender;
  - (c) Transaction Documents : references to this Agreement or any other Transaction Document shall be construed as references to this Agreement or such document as the same may be amended, supplemented, restated or novated from time to time, but only if and to the extent permitted by the Senior Finance Documents;
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- (d) Clauses, Etc. : references to Clauses, paragraphs, Schedules and Appendices are to Clauses or paragraphs of and Schedules and Appendices to this Agreement and references to this Agreement include its Schedules and Appendices;
- (e) Headings : Clause headings are inserted for reference only and shall be ignored in construing this Agreement;
- (f) Calculations : unless otherwise expressly provided in the Senior Finance Documents, where a Senior Finance Document:
  - (i) specifies that amounts in any currency are required to be converted into any other currency for the purposes of any calculation, the party performing such calculation or conversion shall use the Spot Rate of Exchange on the date of the calculation or conversion, or such other rate as the Intercreditor Agent and the Borrower shall otherwise agree in writing; and
  - (ii) specifies an amount in a particular currency or its equivalent (or similar), the equivalent (or similar) of the particular currency is a reference to the amount of any other currency or currencies which, when converted into the particular currency utilising the Spot Rate of Exchange on the date of conversion or such other rate as the Intercreditor Agent and the Borrower agree in writing, is equal to the relevant amount in the particular currency.
- (g) Intercreditor Agent approvals : references to something requiring the approval of the Intercreditor Agent or being satisfactory to the Intercreditor Agent, or similar, means that the Intercreditor Agent must, subject to the applicable provisions of the Intercreditor Deed, Clause 22 ( *The Agents and Security* ) and the other Senior Finance Documents, give its approval or confirm its satisfaction or similar (as the case may be) in writing.
- (h) Ratings : references to ratings of Moody's or Standard & Poor's shall be construed as references to those ratings as may be replaced by Moody's or Standard & Poor's equivalent rating schemes from time to time.

### 1.5 **Third Party Rights**

Unless expressly provided to the contrary in a Senior Finance Document, a person who is not a party to a Senior Finance Document may not enforce any of its terms under the Contract (Right of Third Parties) Act 1999. Notwithstanding any term of any Senior Finance Document, no consent of any third party is required for any amendment to any provision of a Senior Finance Document.

### 1.6 **Effect as a Deed**

This Agreement shall take effect as a deed notwithstanding that it may not have been executed as a deed by one or more Parties.

### 1.7 **Supremacy**

With respect to the Parties, in the event of any conflict between the provisions of this Agreement and the provisions of any other Senior Finance Document or the Financial Model, this Agreement shall prevail, except that:

- (a) in the case of any conflict between the provisions of this Agreement and the provisions of any Senior Facility Agreement, the provisions of such Senior Facility Agreement shall prevail as between the persons party thereto;
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- (b) as between the Parties, the Accounts Agreement shall prevail over this Agreement as to matters dealt with in the Accounts Agreement; and
- (c) the Intercreditor Deed shall prevail over this Agreement and each other Senior Finance Documents in relation to matters dealt with in the Intercreditor Deed.

#### 1.8 **Joint and Several Obligations**

- (a) Each Borrower Entity shall be jointly and severally liable as the Borrower for the performance of each Borrower Entity's obligations under the Senior Finance Documents to which any Borrower Entity is party.
- (b) For the purposes of the Senior Finance Documents, if one or more (but not all) Borrower Entities are aware of an event or circumstance, all Borrower Entities shall be considered to be aware of such event or circumstance.

#### 1.9 **Borrower Entities' Agent**

- (a) Each Borrower Entity (other than the Operator) by its execution of this Agreement irrevocably appoints the Operator (acting through one or more authorised signatories) to act on its behalf as its agent in relation to the Senior Finance Documents and irrevocably authorises:
  - (i) the Operator on its behalf to supply all information concerning itself contemplated by the Senior Finance Documents to the Senior Finance Parties and to give all notices and instructions (including Drawdown Notices), to execute on its behalf any deed of accession, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower Entity notwithstanding that they may affect the Borrower Entity, without further reference to or the consent of that Borrower Entity; and
  - (ii) each Senior Finance Party to give any notice, demand or other communication to that Borrower Entity pursuant to the Senior Finance Documents to the Operator,

and in each case the Borrower Entity shall be bound as though the Borrower Entity itself had given the notices and instructions (including any Drawdown Notice) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Operator or given to the Operator under any Senior Finance Document on behalf of another Borrower Entity or in connection with any Senior Finance Document (whether or not known to any Borrower Entity and whether occurring before or after such other Borrower Entity became an Borrower Entity under any Senior Finance Document) shall be binding for all purposes on that Borrower Entity as if that Borrower Entity had expressly made, given or concurred with it. No Borrower Entity other than the Operator may make any claim or determination under or with respect to the Senior Finance Documents. In the event of any conflict between any notices or other communications of the Operator and any other Borrower Entity, those of the Operator shall prevail.
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## **2. THE SENIOR FACILITIES**

### **2.1 Statement of Commitment**

Subject to the terms and conditions of this Agreement and the other Senior Finance Documents:

- (a) JBIC agrees to provide:
  - (i) the JBIC Facility to the Borrower; and
  - (ii) the EPRG to the Covered Lenders in respect of the Covered Lenders Facility;
- (b) ADB, in its individual capacity, agrees to provide ADB Tranche A to the Borrower;
- (c) ADB, not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund, agrees to provide ADB Tranche B to the Borrower;
- (d) ADB, not in its individual capacity but solely in its capacity as an implementing entity of the Canadian Climate Fund for the Private Sector in Asia under the Clean Energy Financing Partnership Facility (established by the Government of Canada), agrees to provide ADB Tranche C to the Borrower; and
- (e) the Covered Lenders agree to provide the Covered Lenders Facility to the Borrower.

### **2.2 Nature of a Senior Finance Party's Rights and Obligations**

- (a) The obligations of a Senior Finance Party under the Senior Finance Documents are several. Failure of a Senior Finance Party to carry out those obligations does not relieve any other Party of its obligations under the Senior Finance Documents. No Senior Finance Party is responsible for the obligations of any other Senior Finance Party under the Senior Finance Documents.
- (b) The rights of a Senior Finance Party under the Senior Finance Documents are separate and independent rights. A Senior Finance Party may, except as otherwise stated in the Senior Finance Documents, separately enforce those rights.
- (c) A debt arising under the Senior Finance Documents to a Senior Finance Party is a separate and independent debt.

### **2.3 Drawdowns**

- (a) The conditions to the drawdown of each Advance under a Senior Facility are set out in this Agreement and the Senior Facility Agreement under which the Advance is to be made.
  - (b) The Borrower may only deliver a Drawdown Notice requesting an Advance under a:
    - (i) Senior-1 Facility if it also delivers a Drawdown Notice requesting an Advance under each other Senior-1 Facility; and
    - (ii) Senior-2 Facility if it also delivers a Drawdown Notice requesting an Advance under the other Senior-2 Facility.
  - (c) Advances under the:
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- (i) Senior-1 Facilities shall be made *pro rata* as between the Senior-1 Facilities, calculated on the basis of the aggregate Commitments of the Senior Lenders under the Senior-1 Facilities; and
  - (ii) Senior-2 Facilities shall be made *pro rata* among the Senior-2 Facilities, calculated on the basis of the aggregate Commitments of the Senior Lenders under the Senior-2 Facilities.
- (d) The Borrower must, in the first Drawdown Notices to be delivered pursuant to the Senior Finance Documents, request:
- (i) an Advance to be made under the Senior-2 Facilities in an amount equal to the aggregate Commitment under the Senior-2 Facilities; and
  - (ii) Advances to be made under the Senior-1 Facilities in amounts determined by the Borrower, subject to compliance with the provisions of the Senior Finance Documents.
- (e) The Borrower acknowledges that each of the Senior Lenders, the Intercreditor Agent, the Covered Lenders Facility Agent and the JBIC Facility Agent may set-off from any Advance under the Senior Facilities the amount of any customary bank charges and fees (including transfer fees) and make available to the Borrower the net amount after deducting such charges and fees from such drawdown.

## 2.4 Purpose

- (a) Unless otherwise agreed by the Intercreditor Agent but subject to the terms and conditions of the Senior Facility Agreements and the following paragraphs of this Clause 2.4, the Borrower shall apply the proceeds of each Advance exclusively towards the payment of Project Costs incurred or to be incurred in accordance with the most recent approved Project Budget.
  - (b) The Borrower shall not be entitled to request an Advance for the purpose of funding:
    - (i) the payment of Pre-Completion Make-Up Well Capital Costs;
    - (ii) the Plant Maintenance Reserve Account; or
    - (iii) the Well Maintenance and Drilling Reserve Account; or
    - (iv) the Borrower's working capital requirements.
  - (c) The Borrower may only request in a Drawdown Notice all or any part of an Advance to fund Pre-Completion Operating Costs if and to the extent such Advance is a Top-Up Advance which it is permitted to request pursuant to Clause 3.4 ( *Top-Up Advances* ).
  - (d) Notwithstanding anything to the contrary in the Senior Finance Documents and unless the Intercreditor Agent otherwise agrees, if there is a Force Majeure Event continuing as at the date on which a Senior Lender is required to participate in any Advance, then, unless the Intercreditor Agent has confirmed in writing to the Borrower that the Senior Lenders' Technical Advisor and/or the Senior Lenders' Reserves Consultant has certified to the Intercreditor Agent that the Force Majeure Event (i) is unlikely to continue for more than seven (7) continuous days in total or (ii) is unlikely to have a material and adverse effect (including in terms of delay and cost) on the implementation on the Project, each Senior Lender shall only be obliged to fund its participation in that portion of the Advance which the Intercreditor Agent determines is equal to the amount of Project Costs intended to be funded by the proceeds of the Advance (taking into account the portion of such Project Costs required to be funded by the proceeds of any Equity pursuant to the Senior Finance Documents) which, as at the date of the making of such Advance, is due and payable but unpaid.
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- (e) The Parties acknowledge and agree that no Advance may be requested or drawn by the Borrower to pay or reimburse the payment of any Project Costs if and to the extent that the amount of the Total Base Equity Commitment or the Total Contingent Equity Commitment has been reduced by the amount of, and on account of the payment of, such Project Costs.

## 2.5 **Availability Period**

- (a) Subject to the terms and conditions of this Agreement and the relevant Senior Facility Agreements, the Borrower may only deliver a Drawdown Notice if the Drawdown Date for the relevant Advance is a Business Day falling within the Availability Period.
- (b) Any balance of the Total Commitment that remains undrawn, and in respect of which no Drawdown Notice has been delivered, at close of business on the last day on which a Drawdown Notice is permitted to be delivered under this Agreement and the relevant Senior Facility Agreement, shall be automatically cancelled on the last day of the Availability Period.

## 2.6 **Payment of Advances**

The proceeds of all Advances must be deposited into the Onshore Disbursement Account, for application in accordance with Clause 3.1 ( *Onshore Disbursement Account* ) of the Accounts Agreement.

## 3. **CONDITIONS PRECEDENT**

### 3.1 **Conditions Precedent to Delivery of First Drawdown Notices**

The Borrower may not deliver the First Drawdown Notices unless and until the Intercreditor Agent has notified the Borrower and the Senior Lenders no later than:

- (a) ten (10) days on which banks are generally open for business in Tokyo, Japan before the Drawdown Date of the Advances to be made under the Senior-1 Facilities as specified in the relevant First Drawdown Notices; and
- (b) four (4) days on which banks are generally open for business in Manila and New York before the Drawdown Date of the Advances to be made under the Senior-2 Facilities as specified in the relevant First Drawdown Notices,

that all the documents and evidence set out in Part A of Schedule 2 ( *Documentary Conditions Precedent* ) have been received in form and substance satisfactory to the Intercreditor Agent (or waived by the Intercreditor Agent) and all other conditions set out in Part A of Schedule 2 ( *Documentary Conditions Precedent* ) have been satisfied (or waived by the Intercreditor Agent).

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### 3.2 Conditions Precedent to all Advances

The obligation of a Senior Lender to participate in any Advance is subject to the further conditions precedent that:

- (a) a duly executed and completed Drawdown Notice in the form set out in the relevant Senior Facility Agreement has been delivered to the Intercreditor Agent in respect of such Advance, which Drawdown Notice attaches all the documents and evidence set out in, and which satisfies the requirements of, Part B of Schedule 2 ( *Documentary Conditions Precedent* );
  - (b) on both the date of the Drawdown Notice and the Drawdown Date for the Advance:
    - (i) the representations and warranties in Clause 13 ( *Representations and Warranties* ) to be repeated on such dates pursuant to Clause 13.29(b) ( *Time for Making Representations and Warranties* ) and any representations and warranties set out in any Senior Facility Agreement which are to be made on those dates are true and correct and will be true and correct, in each case (other than with respect to the representations and warranties set out in Clause 13.23 ( *Environmental and Social Requirements* ), Clause 13.25 ( *Business Practices* ) and in any Senior Facility Agreement) in all material respects, immediately after the Advance is made;
    - (ii) no Default is subsisting or will result from the making of the Advance;
    - (iii) all additional conditions precedent then required under the relevant Senior Facility Agreement for the making of that Advance have been satisfied in accordance with the provisions of that Senior Facility Agreement;
    - (iv) no notice has been delivered to the Borrower in accordance with the terms of this Agreement requiring the Borrower to make any mandatory prepayment of all Senior Loans outstanding and the Borrower is not otherwise required pursuant to this Agreement to make any mandatory prepayment of all Senior Loans outstanding;
    - (v) each of the representations and warranties set out in Clause 9 ( *Representations and Warranties* ) of each Equity Support Deed to be repeated on such dates pursuant to Clause 9.18 ( *Time for making representations and warranties* ) of each Equity Support Deed, are true and correct and will be true and correct, in each case (other than with respect to the representations and warranties in Clause 9.14 ( *Business Practices* ) of the Equity Support Deed) in all material respects, immediately after the Advance is made;
    - (vi) there is no Forecast Funding Shortfall outstanding; and
    - (vii) all fees, costs and expenses then due and payable to any Senior Finance Party or its advisors shall have been paid (other than those fees, costs and expenses to be paid from the proceeds of the relevant Advance, which shall be paid from the proceeds of such Advance); and
  - (c) in respect of the First Advance only:
    - (i) delivery of evidence (in form and substance satisfactory to the Intercreditor Agent) of the receipt by each Reinsurer of a written notice of the Security Interests effected pursuant to the Security Documents in the Reinsurance issued by it to the Intercreditor Agent at least one Business Day before the First Drawdown Date; and
    - (ii) if the Intercreditor Agent provides its consent pursuant to paragraph 4(c)(ii) ( *Security* ) of Part A of Schedule 2 ( *Documentary Conditions Precedent* ) delivery of:
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- (A) evidence (in form and substance satisfactory to the Intercreditor Agent acting on the instructions of all of the Senior Lenders) of the registration of each fiduciary Security Interest created pursuant to any Onshore Security Document; and
- (B) a legal opinion or supplementary legal opinion (in form and substance satisfactory to the Intercreditor Agent acting on the instructions of all of the Senior Lenders) issued by Ali Budiardjo, Nugroho, Reksodiputro, Indonesian legal counsel to the Senior Finance Parties and addressed to the Senior Finance Parties,

to the Intercreditor Agent at least one Business Day before the First Drawdown Date.

### 3.3 Hedging Agreements

The obligation of a Senior Lender to participate in the First Advance is subject to the condition that all Hedging Agreements are complete and in full force and effect.

### 3.4 Top-Up Advances

The Borrower may only request one or more Advances (each, a “**Top-Up Advance**”) which would, on the Drawdown Date of the Top-Up Advance, result in the aggregate principal amount of Senior Loans outstanding exceeding the Senior Debt Provisional Limit, if:

- (a) Equity Contributions drawn under:
    - (i) the Total Base Equity Commitment have been made such that the Total Base Equity Commitment has been fully drawn, excluding with respect to the Total Top-Up Base Equity Commitment; and
    - (ii) the Total Contingent Equity Commitment have been made such that the Total Contingent Equity Commitment has been fully drawn, and the proceeds of such Equity Contributions have been applied in or towards the payment of Project Costs;
  - (b) the Borrower has received or is entitled to receive not less than six (6) Business Days prior to the relevant Drawdown Date and pursuant to the Equity Support Deeds, Equity Contributions drawn or to be drawn (as the case may be) under the Total Top-Up Base Equity Commitment in an amount which, immediately after the Top-Up Advance is made, will result in the ratio of the amount of such Equity Contributions to the amount of such Top-Up Advance being equal to the ratio of the Top-Up Advance Commitment to the Total Top-Up Base Equity Commitment;
  - (c) the proceeds of the Top-Up Advance are applied to fund the payment of Pre-Completion Operating Costs;
  - (d) there are or there are reasonably likely to be insufficient funds standing to the credit of the Pre-Completion Operating Account to fund such Pre-Completion Operating Costs; and
  - (e) the other applicable terms and conditions in the Senior Finance Documents with respect to the requesting and making of Advances are satisfied.
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#### 4. REPAYMENT

The Borrower must repay each Senior Loan advanced under a Senior Facility by way of making Repayment Instalments on Repayment Dates in accordance with the relevant provisions set out in the Senior Facility Agreement under which that Senior Loan was advanced.

#### 5. CANCELLATION AND PREPAYMENT

##### 5.1 Cancellation

- (a) Subject to the terms of this Agreement, the Borrower may, by giving not less than sixty (60) days' prior notice to the Intercreditor Agent, cancel the undrawn Total Commitment in whole or in part (but, if in part, in a minimum amount of USD10,000,000).
- (b) The Borrower may not cancel all or any part of the Total Commitment unless it delivers to the Intercreditor Agent a certificate signed by two directors of the Operator, both at the time it delivers a cancellation notice under paragraph (a) above and on the date which is five (5) Business Days before the cancellation takes effect, confirming (with supporting details) that immediately after the cancellation:
  - (i) the aggregate Available Funding at that time;  
will exceed:
  - (ii) the aggregate of:
    - (A) the Projected Project Costs at that time; and
    - (B) the amount of contingencies appropriate in order to enable the Borrower to achieve the Lenders' Completion Date by the Lenders' Completion Sunset Date.
- (c) The Borrower may not cancel all or any part of the Total Commitment unless the Intercreditor Agent confirms to the Borrower that it agrees with the content of each certificate delivered under paragraph (b) above.
- (d) Any cancellation under paragraph (a) above shall be made on a *pro rata* basis (calculated by reference to each Senior Lender's portion of the aggregate of the Total Commitment and the Participations under the Senior Facilities).
- (e) The Borrower shall pay all amounts payable under Clause 25.3 ( *Other Indemnities* ) at the time of any cancellation of the undrawn portion of any Commitment.

##### 5.2 Voluntary Prepayment

- (a) Subject to the other terms of this Agreement, at any time after the end of the Availability Period, the Borrower may, by giving not less than sixty (60) days' prior written notice to the Intercreditor Agent, prepay any Senior Loans outstanding in whole or in part (but, if in part, in a minimum amount of USD10,000,000 and in integral multiples of USD1,000,000 in excess thereof).
  - (b) The Borrower may not make any prepayment under paragraph (a) above prior to the Lenders' Completion Date unless it delivers to the Intercreditor Agent a certificate signed by two directors of the Operator, both at the time it delivers a prepayment notice under paragraph (a) above and on the date which is five (5) Business Days before the prepayment is to be made, confirming (with supporting details) that immediately after the prepayment is to be made:
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(i) the aggregate Available Funding at that time;

will exceed:

(ii) the aggregate of:

(A) the Projected Project Costs at that time; and

(B) the amount of contingencies appropriate in order to enable the Borrower to achieve the Lenders' Completion Date by the Lenders' Completion Sunset Date.

(c) The Borrower may not make any prepayment under paragraph (a) above unless the Intercreditor Agent confirms to the Borrower that it agrees with the content of each certificate delivered under paragraph (b) above.

(d) Any prepayment under paragraph (a) above shall be applied in prepayment of the Senior Loans then outstanding on a *pro rata* basis (calculated by reference to each Senior Lender's portion of the aggregate of the Total Commitment and the Participations under the Senior Facilities) and be applied against the remaining Repayment Instalments in inverse order of maturity.

### 5.3 **Mandatory Prepayments**

(a) Insurance Proceeds; Compensation and Other Proceeds

Unless the Intercreditor Agent agrees otherwise, the Borrower shall, following:

(i) the occurrence of any event specified in Clause 3.14(f) ( *Insurance Proceeds Account* ) of the Accounts Agreement;

(ii) receipt of any Performance Liquidated Damages;

(iii) receipt of any ESC Buyout Payments;

(iv) receipt of any Expropriation Proceeds,

(v) receipt of net proceeds in respect of the Disposal of any assets in any calendar year which have an aggregate value in excess of USD1,000,000 and which are not applied within sixty (60) days of such receipt to purchase reasonably adequate substitutes, other than any Disposals which constitute Permitted Disposals under paragraphs (a), (b), (d) or (e) of the definition of Permitted Disposals,

apply:

(A) if paragraph (a)(i) above applies, all amounts standing to the credit of the Insurance Proceeds Account in or towards prepayment of the Senior Loans outstanding by applying such amounts against the remaining Repayment Instalments in inverse order of maturity;

(B) all amounts received under paragraph (a)(ii) above in or towards prepayment of the Senior Loans outstanding by applying the amount received against the remaining Repayment Instalments on a *pro rata* basis; and

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- (C) all amounts received under paragraphs (a)(iii), (a)(iv) and (a)(v) above in or towards prepayment of the Senior Loans outstanding by applying such amounts against the remaining Repayment Instalments in inverse order of maturity.

The Borrower shall apply all amounts which are referred to in this paragraph in or towards prepayment of the Senior Loans outstanding on the Interest Payment Date immediately after the date of the receipt of the relevant amount.

(b) Cash Sweep Mechanism

- (i) If, on any Calculation Date, the Historic Debt Service Coverage Ratio for that Calculation Date for each of:
  - (A) the Calculation Period ending on (and including) that Calculation Date; and
  - (B) the Calculation Period ending on (and including) the day immediately before the Calculation Period referred to in paragraph (A) above commenced,is less than 1.25:1, then the Borrower shall apply all amounts standing to the credit of the Offshore General Account, after all amounts required to be paid under Clause 3.4(c)(i) to Clause 3.4(c)(xi) (inclusive) ( *Offshore General Account* ) of the Accounts Agreement have been paid in accordance with those provisions, in or towards prepayment of the Senior Loans outstanding under the Senior-1 Facilities .
- (ii) Any prepayment pursuant to paragraph (i) above shall be:
  - (A) made by the Borrower on the relevant Calculation Date; and
  - (B) applied against the remaining Repayment Instalments of the relevant Senior Loans in inverse order of maturity.

(c) Illegality

- (i) If, as a result of a Change in Law, it becomes unlawful in any relevant jurisdiction for any Senior Lender to perform any of its obligations under a Senior Finance Document or to fund or maintain its Participation in any Senior Loan, then:
    - (A) that Senior Lender may notify the Borrower through its Facility Agent or the Intercreditor Agent (as appropriate) accordingly; and
    - (B) if such unlawfulness relates to:
      - (1) the maintenance of a Participation in a relevant Senior Loan, the Borrower shall prepay, without premium or penalty, the affected Senior Loan outstanding together with interest accrued thereon, Breakage Costs (if applicable) and any other amounts payable by the Borrower to such Senior Lender under the Senior Finance Documents; or
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(2) the making available of all or any part of that Senior Lender's Commitment, the Commitment of such Senior Lender will forthwith be cancelled without premium or penalty.

(ii) All prepayments under paragraph (i) above shall be made:

(A) on the Interest Payment Date immediately following the occurrence of the relevant event; or

(B) if earlier, the date specified by the relevant Senior Lender in the notice delivered under paragraph (i)(A) above (being no earlier than the last day of any applicable grace period permitted by Applicable Law).

(d) Debt to Equity Ratio

(i) If the Debt to Equity Ratio at the Lenders' Completion Date exceeds the Maximum Debt to Equity Ratio, the Borrower shall prepay the Senior Loans outstanding in an amount which would result in the Debt to Equity Ratio on the day immediately following such prepayment being equal to the Maximum Debt to Equity Ratio.

(ii) The Borrower shall make any prepayment which it is required to make under paragraph (i) above:

(A) on the Lenders' Completion Date (if it falls on an Interest Payment Date) or (if the Lenders' Completion Date does not fall on an Interest Payment Date) the first Interest Payment Date falling after the Lenders' Completion Date;

(B) by utilising funds standing to the credit of the Offshore Construction and Supply Account (and no other Project Account); and

(C) by applying the amount prepaid against the remaining Repayment Instalments of the Senior Loans on a *pro rata* basis.

#### 5.4 **Miscellaneous Provisions**

(a) Any notice of prepayment or cancellation under this Agreement is irrevocable.

(b) All prepayments under this Agreement shall be made together with:

(i) accrued interest on the amount prepaid up to and, if the relevant Senior Lender receives cleared funds on a day after the time specified in the relevant Senior Facility Agreement by which payments to that Senior Lender must be received, including, the date of such prepayment;

(ii) all Breakage Costs incurred by each relevant Senior Lender with respect to the prepayment of a Floating Rate Senior Loan, if such prepayment is made on a day that is not an Interest Payment Date; and

(iii) all Hedging Termination Sums (if any) payable in connection with the prepayment due to the operation of Clause 14.4 ( *Notional Amount Reductions* ).

(c) Upon making any prepayment under Clause 5.2 ( *Voluntary Prepayment* ), the Borrower shall, in respect of the Senior Facilities, pay to the relevant Senior Lenders any prepayment fee specified in the Senior Facility Agreement to which that Senior Lender is a party.

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- (d) The Borrower shall pay on or prior to the date on which any cancellation is made pursuant to Clause 5.1 ( *Cancellation* ) all Hedging Termination Sums (if any) payable in connection with the cancellation due to the operation of Clause 14.4 ( *Notional Amount Reductions* ).
- (e) No prepayment or cancellation is permitted except in accordance with the express terms of this Agreement.
- (f) No amount of any Commitment cancelled under this Agreement may subsequently be reinstated.
- (g) No amount prepaid under this Agreement may subsequently be re-borrowed.
- (h) Any failure by the Borrower to obtain any authorisation (including any approval from Bank Indonesia) in relation to its obligations to make any prepayment, repayment or payment under any Senior Finance Document shall not alter, change or mitigate in any way the Borrower's obligation to make any such prepayment, repayment or payment.
- (i) Any certificate prepared by a Senior Lender of the amounts due and payable by the Borrower in respect of any prepayment or cancellation under this Clause 5 ( *Cancellation and Prepayment* ) shall, in the absence of manifest error, be conclusive evidence of the matters to which it relates.

## **6. INTEREST PERIODS**

### **6.1 Duration**

- (a) Subject to the following provision of this Clause 6 ( *Interest Periods* ), the Interest Period for each Senior Loan shall begin on (and include) an Interest Payment Date and end on (and include) the day immediately before the next following Interest Payment Date, except that the first Interest Period for each Senior Loan shall begin on (and include) the date on which that Senior Loan is made and end on (and include) the day immediately before the next following Interest Payment Date.
- (b) If an Interest Period for a Senior Loan would otherwise overrun:
  - (i) the First Repayment Date, it shall be shortened so that it ends on the First Repayment Date; or
  - (ii) the Final Maturity Date, it shall be shortened so that it ends on the Final Maturity Date.

### **6.2 Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

### **6.3 Consolidation of Senior Loans**

Subject to the terms of the Senior Facility Agreements, if the Interest Periods for more than one Senior Loan made to the Borrower under any Senior Facility end on the same date, those Senior Loans will be consolidated into, and treated as, a single Senior Loan under that Senior Facility on the last day of the Interest Period.

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#### 6.4 **Other Adjustments**

The Intercreditor Agent, the Facility Agents, ADB and the Borrower may enter into such other arrangements as they may agree for the adjustment of Interest Periods and/or the splitting of the Senior Loans.

### 7. **INTEREST**

#### 7.1 **Interest Rate**

- (a) The rate of interest on each Senior Loan for each of its Interest Periods is the rate per annum specified for such Senior Loan in the Senior Facility Agreement under which such Senior Loan was made.
- (b) All interest accruing on amounts outstanding under the Senior Facilities shall accrue from day to day and be computed on the basis of the actual number of days elapsed, from and including the first day to but excluding the last day of the relevant period, and a three hundred and sixty (360) day year or, in any case where the practice in the London interbank market differs, in accordance with that practice.

#### 7.2 **Due Dates**

Except as otherwise provided in this Agreement or the relevant Senior Facility Agreement, accrued interest on each Senior Loan is payable by the Borrower on each Interest Payment Date .

#### 7.3 **Default Interest**

Subject to the terms and conditions of each Senior Facility Agreement (which shall prevail as between the Borrower and the Senior Finance Parties party to that Senior Facility Agreement):

- (a) if the Borrower fails to pay any amount payable by it under the Senior Finance Documents when due, it shall, forthwith on demand by the Intercreditor Agent, pay to each relevant Senior Finance Party interest on such amount from the due date up to the date of actual payment, after as well as before judgement at a rate (the “ **Default Rate** ”) determined by the Intercreditor Agent to be two per cent. (2%) per annum above the interest rate that would normally be applicable to such amount under the terms of the relevant Senior Finance Document (but calculated by reference to the Designated Interest Period determined pursuant to paragraph (b) below); and
- (b) the Default Rate will be determined on the first Business Day of each calendar month (or such other period as the Intercreditor Agent shall select, acting reasonably) after the failure to pay under paragraph (a) above (each a “ **Designated Interest Period** ”), as appropriate.

#### 7.4 **Notification**

The Intercreditor Agent shall promptly notify each Facility Agent and the Borrower of the determination of a rate of interest under this Agreement.

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## **8. PAYMENTS**

### **8.1 Payments Under the Senior Finance Documents**

Unless a Senior Finance Document specifies that payments under it are to be made in another manner:

- (a) all payments by a Party (other than the Intercreditor Agent or a Facility Agent) under a Senior Finance Document must be made to the Intercreditor Agent to its account at such office or bank in the principal financial centre of the country of the relevant currency as it may notify to that Party for this purpose from time to time by not less than five (5) Business Days' prior notice; and
- (b) all payments under each Hedging Agreement must be made directly between the parties thereto in accordance with the provisions of that Hedging Agreement.

### **8.2 Funds**

Payments under the Senior Finance Documents shall be made for value on the due date at such times and in such amounts as are specified in the relevant Senior Finance Document and in freely transferable funds or as otherwise specified in such Senior Finance Document.

### **8.3 Distribution**

- (a) Each payment received by the Intercreditor Agent or a Facility Agent under the Senior Finance Documents for another Party must, except as provided in paragraph (b) below, be made available by that Agent to that Party by payment (as soon as reasonably practicable after receipt):
  - (i) in the case of a payment to the Borrower, to the Onshore Disbursement Account in accordance with Clause 3.1 ( *Onshore Disbursement Account* ) of the Accounts Agreement;
  - (ii) in the case of a payment to a Senior Lender, for the account of its Lending Office; and
  - (iii) in the case of a payment to a Party other than the Borrower or a Senior Lender, to its account with such office or bank:
    - (A) in the principal financial centre of the country of the relevant currency; or
    - (B) in the case of a payment in Dollars, in the location of the Lending Office of that Party,as it may notify to the Intercreditor Agent for this purpose by not less than five (5) Business Days' prior notice.
- (b) The Intercreditor Agent or a Facility Agent may apply any amount received by it for the Borrower in or towards payment (as soon as reasonably practicable after receipt) of any amount due from the Borrower under the Senior Finance Documents or in or toward the purchase of any amount of currency to be so applied.

### **8.4 Currency**

- (a) Amounts payable in respect of costs, expenses and Taxes and the like are payable in the currency in which they are incurred.
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- (b) Any other amount payable under the Senior Finance Documents is, except as otherwise provided in the Senior Finance Documents, payable in USD.

#### 8.5 **Set-off and Counterclaim**

All payments made by the Borrower under the Senior Finance Documents (other than any netting-off pursuant to any Hedging Agreement) shall be made without set-off or counterclaim.

#### 8.6 **Non-Business Days**

- (a) If a payment under the Senior Finance Documents is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal under this Agreement pursuant to paragraph (a) above, interest is payable on that principal at the rate payable on the original due date.

#### 8.7 **Clawback**

- (a) Where a sum is to be paid to an Agent under the Senior Finance Documents for another Party, the Agent is not obligated to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Agent pays an amount to another Party (other than JBIC) and it proves to be the case that the Agent had not actually received that amount, then the Party (other than JBIC) to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent.

#### 8.8 **Partial Payments**

- (a) Subject to paragraph (b) below, if the Intercreditor Agent at any time receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Senior Finance Documents, the Intercreditor Agent shall determine the entitlement of each Senior Secured Party to the proceeds of such payment by notionally applying such payment so received amongst the Senior Secured Parties in the order of priority set out in Clause 3.4(c) ( *Offshore General Account* ) of the Accounts Agreement.
  - (b) Notwithstanding any other provision to the contrary in the Senior Finance Documents, all Enforcement Proceeds shall be applied by the Intercreditor Agent as follows:
    - (i) ***first*** , to pay:
      - (A) all fees, costs and expenses, including any legal or other costs and expenses arising from the exercise or purported exercise of any Remedies or the preservation of rights or Remedies due and payable to the Agents under the Senior Finance Documents; and
      - (B) all unpaid indemnity entitlements of the Senior Secured Parties under the Senior Finance Documents (including any amounts payable under Clause 25.1 ( *Currency Indemnity* ) of the Common Terms Agreement);
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- (ii) **second** , to pay the following amounts in the following order of priority:
- (A) any fees, costs and expenses due and payable under the Senior Finance Documents to the Senior Secured Parties (other than to the Agents pursuant to sub-paragraph (i)(A) above and EPRG Premium due and payable by the Borrower to the Covered Lenders pursuant to the terms of the Covered Lenders Facility Agreement);
  - (B) default interest due and payable on any amounts outstanding under the Senior Finance Documents;
  - (C) each of the following:
    - (1) ordinary interest due and payable on Senior Loans outstanding under the Senior Facilities; and
    - (2) Hedging Costs due and payable, provided that, if PLN is obligated to make any ESC Buyout Payments or the Intercreditor Agent determines that such obligation is reasonably likely to arise, then any Hedging Costs which constitute Subsequent Hedging Obligations shall not be included under this sub-paragraph (ii) and shall only be paid in accordance with sub-paragraph (vi) below; and
  - (D) each of the following:
    - (1) principal due and payable with respect to Senior Loans outstanding under the Senior Facilities;
    - (2) amounts due and payable to JBIC pursuant to the Reimbursement and Subrogation Agreement; and
    - (3) Hedging Termination Sums due and payable, provided that, if PLN is obligated to make any ESC Buyout Payments or the Intercreditor Agent determines that such obligation is reasonably likely to arise, then any Hedging Termination Sums which constitute Subsequent Hedging Obligations shall not be included under this sub-paragraph (ii) and shall only be paid in accordance with sub-paragraph (vi) below;
- (iii) **third** , to pay any sum due but unpaid under the Senior Finance Documents other than a sum referred to in another sub-paragraph of this paragraph (b);
- (iv) **fourth** , to pay any increased costs and any prepayment fee due and payable under the Senior Finance Documents;
- (v) **fifth** , to pay any EPRG Premium due and payable by the Borrower to the Covered Lenders pursuant to the terms of the Covered Lenders Facility Agreement;
- (vi) **sixth** , to pay any Subsequent Hedging Obligations due and payable and not otherwise satisfied pursuant to sub-paragraph (ii) above; and
- (vii) **last** , to pay the surplus (if any) to the Borrower or any other person entitled to it.
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- (c) Where funds are insufficient to meet the total amount due and referred to in any sub-paragraph under this Clause 8.8, then, subject to any express requirement in that sub-paragraph to apply funds in a particular order of priority, available funds shall be applied *pro rata* and on a *pari passu* basis to meet the amounts due and referred to in that sub-paragraph and no amount may be applied against any amount referred to in any subsequent sub-paragraph.
- (d) An appropriation made in accordance with this Clause 8.8 will override any appropriation made by the Borrower.

## **9. TAXES**

### **9.1 Tax gross-up**

- (a) All payments to be made by the Borrower under the Senior Finance Documents (other than the Hedging Agreements) shall be made without any deduction and free and clear of and without any Tax Deduction, except to the extent that the Borrower is required by law to make payment subject to any Taxes. If any Tax Deduction must be made from any amounts payable or paid by the Borrower under the Senior Finance Documents (other than the Hedging Agreements), the Borrower shall pay such additional amounts as may be necessary to ensure that the relevant Senior Finance Party receives a sum net of any Tax Deduction or deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made. Each Senior Finance Party (other than ADB and JBIC) shall, on request of the Borrower and to the extent reasonably available, provide a certificate of its tax residency and any other supporting documents required by a Governmental Authority for the administration and filing of Tax returns with respect to payments made by the Borrower under the Senior Finance Documents.
  - (b) The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Intercreditor Agent and JBIC (if the Tax Deduction is with respect to a Covered Lender) accordingly. Similarly, the Intercreditor Agent shall notify the Borrower on becoming so aware in respect of a payment payable to a Senior Lender.
  - (c) If the Borrower is required by law to make a Tax Deduction from any amounts paid or payable under the Senior Finance Documents (other than the Hedging Agreements), the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law, unless being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent's satisfaction for the benefit of the Senior Secured Parties.
  - (d) Within thirty (30) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Intercreditor Agent evidence reasonably satisfactory to the Intercreditor Agent (including all relevant Tax receipts) and JBIC (if the Tax Deduction is with respect to a Covered Lender) that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
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## 9.2 Tax Credits

- (a) If, following a payment by the Borrower of any additional amount under Clause 9.1 ( *Tax gross-up* ) or any amount under Clause 25.2 ( *Tax Indemnity* ) ( “ **Tax Payment** ”), a Senior Lender (other than ADB and JBIC) has determined that it has received or has been granted a credit against or remission for any Taxes ( “ **Tax Credit** ”) payable by it or relating to an amount in respect of which the Borrower has made a Tax Payment and that Senior Lender has obtained, utilised and retained a Tax Credit, the Senior Lender will, subject to the Borrower having made the Tax Payment and to the extent that the Senior Lender can do so in its sole opinion without prejudicing the retention of the amount of the Tax Credit and without prejudice to the right of such Senior Lender to obtain any other benefit, relief or allowance which may be available to it, reimburse to the Borrower such amount as the Senior Lender, in its discretion, shall certify to be the proportion of such credit or remission (if any) as will leave the Senior Lender (after such reimbursement) in no better or worse position than it would have been in had the relevant Tax Payment not been made.
- (b) Any determination made by a Senior Lender under paragraph (a) above shall be conclusive absent manifest error.
- (c) Any reimbursement due under paragraph (a) above shall be made within thirty (30) days of the date on which the Senior Lender certified the amount of the credit or remission. If any applicable credit or remission is withdrawn or required to be repaid by any Senior Lender, the Borrower shall, on request, promptly refund any payment made under paragraph (a) above.
- (d) Nothing in paragraph (a) above shall:
  - (i) require any Senior Lender to disclose to the Borrower any details of its Tax affairs or computations;
  - (ii) interfere with the right of any Senior Lender to arrange its Tax affairs in whatever manner it thinks fit; or
  - (iii) require any Senior Lender to claim relief in respect of any payment under Clause 9.1 ( *Tax gross-up* ) in priority to any other reliefs, claims or credits available to it.

## 9.3 FATCA Deduction and gross-up by the Borrower and Equity Parties

- (a) If the Borrower or any Equity Party is required to make a FATCA Deduction, the Borrower or that Equity Party (as the case may be) shall make that FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by FATCA.
  - (b) If a FATCA Deduction is required to be made by the Borrower or any Equity Party, the amount of the payment due from the Borrower or that Equity Party (as the case may be) shall be increased to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.
  - (c) The Borrower shall promptly upon becoming aware that it or any Equity Party must make a FATCA Deduction (or that there is any change in the rate or the basis of a FATCA Deduction) notify the Intercreditor Agent accordingly. Similarly, a Senior Finance Party shall notify the Intercreditor Agent on becoming so aware in respect of a payment payable to that Senior Finance Party. If the Intercreditor Agent receives such notification from a Senior Finance Party it shall notify the Borrower.
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- (d) Within thirty (30) days of making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Borrower or the Equity Party making that FATCA Deduction or payment (as the case may be) shall deliver to the Intercreditor Agent evidence reasonably satisfactory to the Intercreditor Agent and the Senior Finance Party entitled to the payment that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant governmental or taxation authority.

#### 9.4 **FATCA Deduction by the Senior Finance Parties**

- (a) Each of the Senior Finance Parties may make any FATCA Deduction it is required by FATCA to make, and any payment required in connection with that FATCA Deduction, and no Senior Finance Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction. A Senior Finance Party which becomes aware that it must make a FATCA Deduction in respect of a payment to another Party (or that there is any change in the rate or the basis of such FATCA Deduction) shall notify that Party and the Intercreditor Agent.
- (b) If an Agent is required to make a FATCA Deduction in respect of a payment to a Senior Finance Party under Clause 8.3 ( *Distribution* ) which relates to a payment by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after that Agent has made such FATCA Deduction), leaves that Agent with an amount equal to the payment which would have been made by that Agent if no FATCA Deduction had been required. Each Agent shall promptly upon becoming aware that it must make a FATCA Deduction in respect of a payment to a Senior Finance Party under Clause 8.3 ( *Distribution* ) which relates to a payment by the Borrower (or that there is any change in the rate or the basis of such a FATCA Deduction) notify the Borrower and the relevant Senior Finance Party.
- (c) The Borrower shall (within three (3) Business Days of demand by the Intercreditor Agent) pay to the relevant Senior Finance Party an amount equal to the loss, liability or cost which the Senior Finance Party determines will be or has been (directly or indirectly) suffered by the Senior Finance Party, as a result of the Senior Finance Party making a FATCA Deduction in respect of a payment due to the Senior Finance Party under the Senior Finance Documents. This paragraph shall not apply to the extent a loss, liability or cost is compensated for by an increased payment under paragraph (b) above.
- (d) A Senior Finance Party making, or intending to make, a claim under paragraph (c) above shall promptly notify the Intercreditor Agent of the FATCA Deduction which will give, or has given, rise to the claim, following which the Intercreditor Agent shall notify the Borrower.

#### 9.5 **FATCA Information**

- (a) Subject to paragraph (c) below, each Party (other than JBIC and ADB) shall, within ten (10) Business Days of a reasonable request by the Intercreditor Agent:
    - (i) confirm to the Intercreditor Agent or the Borrower whether it is:
      - (A) a FATCA Exempt Party; or
-

(B) not a FATCA Exempt Party; and

(ii) supply to the Intercreditor Agent or the Borrower such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the relevant United States Treasury regulations or other official guidance including intergovernmental agreements) as the Intercreditor Agent or the Borrower reasonably requests for the purposes of any other Party’s compliance with FATCA.

(b) If a Party confirms to the Intercreditor Agent or the Borrower pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be, a FATCA Exempt Party, it shall promptly notify the Intercreditor Agent.

(c) Paragraph (a) above shall not oblige any Senior Finance Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any policy of that Senior Finance Party;

(iii) any fiduciary duty; or

(iv) any duty of confidentiality.

(d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (b) above applies), then:

(i) if that Party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then that Party shall be treated for the purposes of the Senior Finance Documents as if it is not a FATCA Exempt Party; and

(ii) if that Party failed to confirm its applicable “passthru payment percentage” then such Party shall be treated for the purposes of the Senior Finance Documents (and payments made thereunder) as if its applicable “passthru payment percentage” is one hundred percent (100%),

until (in each case) such time as that Party provides the requested confirmation, forms, documentation or other information.

## 9.6 Tax Credit and FATCA

If the Borrower makes a FATCA Payment and the relevant Senior Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that FATCA Payment forms part, to that FATCA Payment or to a FATCA Deduction in consequence of which that FATCA Payment was required; and

(b) that Senior Finance Party has obtained, utilised and retained that Tax Credit,

the Senior Finance Party shall pay an amount to the Borrower which that Senior Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the FATCA Payment not been required to be made by the Borrower.

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## 10. MARKET DISRUPTION

### 10.1 Failure of a Reference Bank to Supply a Rate

If LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a rate by 12.00 noon (London time) two (2) London Quotation Days before the first day of an Interest Period for a Floating Rate Senior Loan, the applicable LIBOR shall, subject to the terms of Clause 10.2 ( *Market Disruption* ), be determined on the basis of the quotations of the remaining Reference Banks.

### 10.2 Market Disruption

- (a) Each of the following events is a “ **Market Disruption Event** ”:
    - (i) with respect to the Floating Rate Senior Facilities, at or about 12.00 noon (London time) two (2) London Quotation Days before the first day of the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate for the relevant Interest Period; or
    - (ii) with respect to:
      - (A) ADB Tranche A, ADB notifies the Intercreditor Agent by close of business on the first Business Day falling after the second London Quotation Day before the first day of the relevant Interest period that the cost to ADB of funding its participation in any Advance under the ADB Tranche A would be in excess of LIBOR for the term of the Interest Period;
      - (B) the JBIC Facility, the JBIC Facility Agent notifies the Intercreditor Agent by close of business on first Business Day falling after the second London Quotation Day before the first day of the relevant Interest period that the cost to JBIC of funding its participation in any Advance under the JBIC Facility would be in excess of LIBOR for that Interest Period; or
      - (C) the Covered Lenders Facility, the Covered Lenders Facility Agent receives, by close of business on the first Business Day falling after the second London Quotation Day before the first day of the relevant Interest Period, notification from a Covered Lender or Covered Lenders whose Participations in the Floating Rate Senior Loans outstanding under the Covered Lenders Facility exceed forty per cent. (40%) of the aggregate Participations in the Floating Rate Senior Loans outstanding under the Covered Lenders Facility, that the cost to such Covered Lender or Covered Lenders of obtaining matching deposits in the relevant interbank market to fund its participation in any Advance under the Covered Lenders Facility would be in excess of LIBOR for the relevant Interest Period.
  - (b) Following a Market Disruption Event in respect of Floating Rate Senior Facility, the relevant Facility Agent or ADB (as applicable) will promptly notify the Intercreditor Agent and the Intercreditor Agent will promptly notify the Borrower and the other Senior Lenders (if any) party to the relevant Senior Facility Agreement of such Market Disruption Event.
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- (c) If a Market Disruption Event occurs, the rate of interest on each Senior Lender's share in a Floating Rate Senior Loan under the relevant Floating Rate Senior Facility for the relevant Interest Period will be the aggregate of:
  - (i) the Margin applicable to such Floating Rate Senior Loan in accordance with the terms of the relevant Senior Facility Agreement; and
  - (ii) the rate notified to the Intercreditor Agent by that Senior Lender as soon as practicable, and in any event prior to the date that is ten (10) Business Days before interest is due to be paid in respect of that term of that Floating Rate Senior Loan, to be that which expresses as a percentage rate per annum the cost to that Senior Lender of funding its share in that Floating Rate Senior Loan from whatever source it may reasonably select.

### 10.3 Alternative Basis of Interest or Funding

- (a) If a Market Disruption Event occurs in respect of a Floating Rate Senior Facility and the relevant Facility Agent or ADB (as applicable), or the Borrower, so requires, the Borrower and that Facility Agent or ADB (as applicable) must enter into negotiations for a period of not more than thirty (30) days with a view to agreeing an alternative basis for determining the rate of interest and/or funding for the affected Floating Rate Senior Loan.
- (b) Any alternative basis agreed with respect to the affected Floating Rate Senior Loan will be, with the prior consent of all of the Senior Lenders who have a Participation in that Floating Rate Senior Loan, binding on all the Parties. For the avoidance of doubt, if the Parties fail to reach agreement on such alternative basis, the rate of interest payable on each affected Floating Rate Senior Loan shall continue to be determined in accordance with Clause 10.2(c) ( *Market Disruption* ).
- (c) If:
  - (i) the percentage rate per annum notified by a Senior Lender pursuant to Clause 10.2(c) ( *Market Disruption* ) above is less than LIBOR; or
  - (ii) a Senior Lender has not notified the Intercreditor Agent or the Borrower, as applicable, of a percentage rate per annum pursuant to Clause 10.2(c) ( *Market Disruption* ),

the cost to that Senior Lender of funding its participation in that Floating Rate Senior Loan for that Interest Period shall be deemed, for the purposes of Clause 10.2(c) ( *Market Disruption* ), to be LIBOR.

## 11. INCREASED COSTS

### 11.1 Increased Costs

- (a) Subject to Clause 11.2 ( *Exceptions* ), the Borrower shall compensate each Senior Finance Party for the amount of any Increased Cost incurred by it or any of its Affiliates as a direct result of:
    - (i) the occurrence of any Change in Law after the Signing Date;
    - (ii) compliance with any Applicable Law effected after the Signing Date; or
    - (iii) the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III.
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- (b) Payments of compensation under this Clause 11.1 ( *Increased Costs* ) shall be made in accordance with Clause 8 ( *Payments* ).
- (c) In this Agreement, “ **Increased Cost** ” means:
  - (i) an additional or increased cost incurred by a Senior Finance Party or any of its Affiliates as a result of it having entered into, or performing, maintaining or funding its obligations under, any Senior Finance Document;
  - (ii) a reduction in any amount payable to a Senior Finance Party under any Senior Finance Document; or
  - (iii) a reduction in the effective return to a Senior Finance Party under any Senior Finance Document or (to the extent that it is attributable to the Senior Finance Party performing, maintaining or entering into, or funding its obligations under any Senior Finance Document) on its capital.
- (d) A Senior Finance Party claiming compensation under this Clause 11 ( *Increased Costs* ) shall, as soon as possible after it becomes aware of the circumstance giving rise to such Increased Costs, deliver to the Intercreditor Agent and the Borrower a certificate as to the amount of the Increased Cost, a description of the applicable law, rule, regulation or treaty and an explanation of the impact of such applicable law, rule, regulation or treaty on that Senior Finance Party provided that a Senior Finance Party shall not be required under this Clause 11.1(d) ( *Increased Costs* ) to disclose any information which is confidential and which it is not permitted to disclose.
- (e) Each Senior Finance Party shall, upon becoming aware that it will incur or has incurred an Increased Cost, notify the Borrower and the Intercreditor Agent accordingly, provided that the failure of any Senior Finance Party to so notify the Borrower shall in no way relieve the Borrower of its obligation under this Clause 11 ( *Increased Costs* ) to pay that Increased Cost above upon notice from such Senior Finance Party.

## 11.2 Exceptions

Clause 11.1 ( *Increased Costs* ) does not apply to the extent any Increased Cost is:

- (a) compensated for by the operation of Clause 9 ( *Taxes* ) or Clause 25.2 ( *Tax Indemnity* );
  - (b) attributable to a FATCA Deduction required to be made by the Borrower or a Senior Finance Party;
  - (c) attributable to any change in the rate of, or change in the basis of calculating, Tax on the overall net income of a Senior Finance Party or its Affiliates (or the overall net income of a division or branch of a Senior Finance Party or its Affiliates) imposed in the jurisdiction in which its principal office or Lending Office is situated;
  - (d) attributable to the wilful breach by the relevant Senior Finance Party or its Affiliates of any Applicable Law, rule, regulation or treaty; or
  - (e) to the extent such Increased Cost is a Tax imposed on a Senior Finance Party (other than ADB or JBIC) by any taxing authority in any jurisdiction as a result of a permanent establishment, office or branch of such Senior Finance Party in such jurisdiction, other than a permanent establishment, office or branch such Senior Finance Party is treated as having as a result of its participation in the transactions contemplated by the Senior Finance Documents, or which is imposed on a Senior Finance Party solely as a result of a failure by that Senior Finance Party to make any disclosure to, or filling with, a taxing authority.
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### 11.3 Increased Cost Payments

The Borrower shall pay to the affected Senior Finance Party the amount of any Increased Cost within three (3) Business Days of receiving written notification from the relevant Senior Finance Party.

## 12. MITIGATION

- (a) If circumstances arise in respect of a Senior Finance Party (other than ADB or JBIC) which would, or would upon the giving of notice, result in:
  - (i) the Borrower being obliged to pay to that Senior Finance Party additional amounts pursuant to Clause 9.1 ( *Tax gross-up* ) or any amounts pursuant to Clause 11.1 ( *Increased Costs* ) or Clause 25.2 ( *Tax Indemnity* );
  - (ii) an alternative basis applying for the purposes of Clause 10.2 ( *Market Disruption* ); or
  - (iii) the Borrower being obliged to prepay any Senior Loan pursuant to Clause 5.3(c) ( *Mandatory Prepayments* ),

then, without in any way limiting, reducing or otherwise qualifying the Borrower's obligations under those Clauses 5.3(c) ( *Mandatory Prepayments* ), 9 ( *Taxes* ), 10 ( *Market Disruption* ) and 11 ( *Increased Costs* ), that Senior Finance Party shall, in consultation with the Intercreditor Agent and the Borrower, endeavour to take such reasonable steps as may be available to it to mitigate or remove such circumstances, including the transfer of its rights and obligations under the Senior Finance Documents to an Affiliate or changing its Lending Office, unless to do so might (in the opinion of that Senior Finance Party) be prejudicial to that Senior Finance Party.

- (b) The Borrower shall, within five (5) Business Days of demand, indemnify each Senior Finance Party for all costs and expenses incurred by that Senior Finance Party as a result of steps taken by it under this Clause 12.

## 13. REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties set out in this Clause 13 ( *Representations and Warranties* ) to each Senior Finance Party.

### 13.1 Corporate Existence

- (a) The Itochu Borrower Entity is a company duly incorporated with limited liability and validly existing under the laws of the Cayman Islands , and has full power, authority and legal right to own its assets and to carry on its business.
  - (b) The Kyushu Borrower Entity is a company duly incorporated with limited liability and validly existing under the laws of Singapore , and has full power, authority and legal right to own its assets and to carry on its business.
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- (c) The Medco Borrower Entity is a company duly incorporated with limited liability and validly existing under the laws of Indonesia , and has full power, authority and legal right to own its assets and to carry on its business.
- (d) The Operator is a company duly incorporated with limited liability and validly existing under the laws of the Cayman Islands , and has full power, authority and legal right to own its assets and to carry on its business.
- (e) The Ormat Borrower Entity is a company duly incorporated with limited liability and validly existing under the laws of the Cayman Islands , and has full power, authority and legal right to own its assets and to carry on its business.

### 13.2 Powers and Authority

It has full power, authority and legal right, and all necessary corporate action has been or will be taken in order to authorise it, to enter into, deliver and to exercise its rights and perform its obligations under the Transaction Documents and the Material Governmental Authorisations to which it is or is to be a party or beneficiary or entitled to use or benefit from.

### 13.3 Binding Obligations

- (a) Each Transaction Document to which it is a party constitutes, or when executed will constitute, its legal, valid and binding obligations, enforceable in accordance with their terms.
- (b) It is not necessary in order to ensure the validity, enforceability, priority or admissibility in evidence of any of the Transaction Documents in England, Indonesia or any other relevant jurisdiction that any of the Transaction Documents be notarised or be filed or registered with any authority in England, Indonesia or elsewhere or any other analogous procedure be observed or any Tax be paid in respect thereof, except as stated in the legal opinions delivered to the Intercreditor Agent pursuant to Clause 3 ( *Conditions Precedent* ), provided that for the purposes of the repetition of this representation it shall not be deemed to be a misrepresentation if such document does need to be notarised, filed, registered or another analogous procedure be observed or any Tax be paid in respect thereof and it promptly does so following the execution of such document.

### 13.4 Governing Law

- (a) The choice of governing law and submission to jurisdiction (where relevant) in each of the Transaction Documents will be recognised and enforceable in all relevant jurisdictions, including the jurisdiction of each party.
- (b) Each of the Transaction Documents is in proper legal form for the jurisdiction by which it is governed and is capable of enforcement in such jurisdiction without any further action on the part of any person.

### 13.5 Non-Conflict

The entry into and delivery of the Transaction Documents to which it is or is to be a party and/or the performance by it of any of its obligations and/or the exercise by it of any of its rights under any such Transaction Document will not:

- (a) conflict in any material respect with any Applicable Law by which the Borrower or its assets are bound or affected;
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- (b) conflict with the Constitutional Documents of the Borrower or an Equity Party, or the Equity Documents;
- (c) conflict with any other Transaction Document or any additional agreement which is binding upon it or any of its assets;
- (d) conflict with any Governmental Authorisation applicable to it or the Project; or
- (e) result in or create any Security Interest (other than a Permitted Security Interest) on or with respect to any of its assets.

#### 13.6 Authorisations

- (a) All material authorisations necessary under Applicable Law in connection with:
  - (i) the due execution and delivery of, and performance by it of its obligations under, the Transaction Documents to which it is a party and the exercise by it of its rights under the Transaction Documents to which it is a party;
  - (ii) the grant by it of the Transaction Security and the validity, enforceability and perfection thereof; and
  - (iii) the admission of the Transaction Documents to which the Borrower or any Equity Party is a party in evidence in its respective jurisdiction of organisation;have been obtained, are validly issued and are in full force and effect.
- (b) As of the Signing Date, the Material Governmental Authorisations are those set out in Schedule 6 ( *Material Governmental Authorisations* ).
- (c) As of the Signing Date and the Closing Date, the Project will conform to and comply in all material respects with all covenants, conditions, restrictions and reservations in the Material Governmental Authorisations.
- (d) The copies of the Material Governmental Authorisations which it has delivered to the Intercreditor Agent are true and complete copies of those documents.
- (e) It has the benefit of and may carry out activities permitted by, all Governmental Authorisations issued in the name of PGE in connection with the Project.

#### 13.7 Indebtedness; Ranking

It has no Financial Indebtedness other than Permitted Financial Indebtedness and its obligations under the Senior Finance Documents rank at least *pari passu* with all its unsecured and unsubordinated obligations (save for obligations mandatorily preferred solely by operation of any Applicable Law).

#### 13.8 Valid Title

- (a) It has:
    - (i) good title to, or freedom to the exclusive possession and use under Applicable Law and where relevant the Project Documents, the Project Assets and any other assets necessary, customary or desirable to implement the Project in accordance with the Transaction Documents;
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- (ii) good title to all of the assets (other than the PGE Assets) reflected in the latest audited Borrower's Consolidated Financial Statements;
- (iii) access to, and the right to use, the PGE Assets, any buildings or fixtures or equipment on the Project Site and on the Special Facilities Land; and
- (iv) all easements and other rights of way (excluding the Special Facilities ROW) and other rights necessary or desirable to implement the Project in accordance with the Transaction Documents,

in each case subject to no Security Interest other than any Permitted Security Interest.

- (b) PGE has good title to, or a valid leasehold or land use right or easement or right-of-way interest in accordance with all Applicable Laws, in the Project Site and all property that it purports to own, lease or hold any such interest in for the purposes of implementing the Project under the JOC, which are necessary to implement the Project in accordance with the Project Documents and to comply with the Borrower's obligations under the Senior Finance Documents, in each case free and clear of any Security Interest other than any Permitted Security Interest.
- (c) At all times during the period between the Conditions Subsequent Cut-Off Date and the Special Facilities Taking Over Date, PLN has good title to, or a valid leasehold or land use right or easement or right-of-way interest in accordance with all Applicable Laws (i) in the Special Facilities Land and (ii) the Special Facilities ROWs, in each case free and clear of any Security Interest other than any Permitted Security Interest.

### 13.9 **Liabilities**

Except:

- (a) as reflected in the most recent Borrower's Consolidated Financial Statements delivered pursuant to this Agreement;
- (b) obligations which constitute Permitted Financial Indebtedness; and
- (c) its obligations arising under the Transaction Documents,

it has no other material liability or obligation of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) .

### 13.10 **Stamp Duties**

All stamp duty and other similar fees or charges in connection with the Transaction Documents and the Material Governmental Authorisations (if any) have been paid in full or will have been paid in full when the same falls due (save where the same is being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent's satisfaction for the benefit of the Senior Secured Parties) and no other fees or charges are required to be paid for the legality, validity or enforceability of the Transaction Documents or the Material Governmental Authorisations (if any).

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### 13.11 Immunity

- (a) The execution by it of each Transaction Document to which it is a party constitutes, and its exercise of its rights and performance of its obligations under each Transaction Document to which it is a party will constitute, private and commercial acts done and performed for private and commercial purposes.
- (b) It is generally subject to civil and commercial law and to legal proceedings and it cannot and will not be able to claim for itself or its assets any immunity or privilege from any set-off, judgment, execution, attachment or other legal process.

### 13.12 Financial Statements

- (a) Each of the audited and unaudited Borrower's Consolidated Financial Statements most recently delivered to the Intercreditor Agent:
  - (i) is true, complete and correct in all material respects as of the date of such statement and fairly presents its financial condition as at the end of, and the results of its operation and cash flow for, the financial period to which it relates; and
  - (ii) have been prepared in accordance with Applicable Laws of its jurisdiction of incorporation and the Applicable Accounting Standards.
- (b) As of the Signing Date, there has been no material adverse change in its assets, business or financial condition or its prospects since the date of the Borrower Consolidated Financial Statements most recently delivered to the Intercreditor Agent.

### 13.13 Litigation

No material litigation, arbitration, expert determination or administrative proceeding (other than any proceeding of a frivolous or vexatious nature that has been notified to the Intercreditor Agent and is being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent's satisfaction for the benefit of the Senior Secured Parties) is currently taking place or pending or, to its knowledge, threatened:

- (a) against it or any of its assets; or
- (b) any other person, which has or would reasonably be likely to have, or if adversely determined will have or would reasonably be likely to have, a Material Adverse Effect,

other than those disclosed to and expressly accepted by the Intercreditor Agent in writing.

### 13.14 Solvency

- (a) No steps have been taken or legal proceedings started for or in respect of an Insolvency Proceeding in respect of:
    - (i) the Borrower; or
    - (ii) to the Borrower's knowledge, any Major Project Party,
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and to the Borrower's knowledge, no such action has been threatened against any such person, except in each case as disclosed in writing to the Intercreditor Agent.

- (b) The Borrower is solvent and able to pay its debts as they fall due.
- (c) To the Borrower's knowledge, each Major Project Party is solvent and able to pay its debts as they fall due, except as disclosed in writing to the Intercreditor Agent.

#### 13.15 Information

- (a) All documents, reports and other written information, including each Financial Model, Debt Service Coverage Ratio Calculation Statement, Drilling Program, Plant Maintenance Projection, Well Maintenance and Drilling Projection, Project Budget and Operating Plan and Budget provided to a Senior Finance Party by or on behalf of the Borrower or any Equity Party in connection with the Project and/or the entry into the Senior Finance Documents by the Senior Finance Parties was true, complete and accurate in all material respects as at the date it was provided (or as of the date any subsequent update or revision was provided) and not misleading in any material respect and did not omit any information necessary to make the information therein not materially misleading.
  - (b) All opinions, estimates, projections, forecasts and forward-looking statements provided to any Senior Finance Party (including all projections and forecasts contained therein) have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied.
  - (c) Each draft Project Budget, Operating Plan and Budget (when delivered) reflects in all material respects all revenues, costs and expenses estimated to be received or incurred:
    - (i) with respect to the Project Budget, in order to achieve the Lenders' Completion Date substantially in accordance with the timetable set out in the most recent approved Project Schedule; and
    - (ii) with respect to the Operating Plan and Budget, to operate the Project in accordance with the terms of the Project Documents;
  - (d) Each draft Financial Model, Debt Service Coverage Ratio Calculation Statement, Project Budget, Project Schedule, Operating Plan and Budget, Plant Maintenance Projection and Well Maintenance and Drilling Projection, when delivered:
    - (i) is, with respect to all of the factual information set out therein, true, complete and accurate in all material respects and is not misleading in any material respect and has been compiled with due care and attention;
    - (ii) fairly presents in all material respects the Borrower's expectations as to the matters covered thereby as of their date;
    - (iii) is based on reasonable assumptions as to all factual (including commercial and technical) and legal matters material to the estimates therein, including, where applicable, Technical Assumptions, Economic Assumptions, dispatch levels, interest rates, currency exchange rates, and costs; and
    - (iv) to the extent applicable, is in all material respects consistent with the provisions of the Transaction Documents and the Material Governmental Authorisations.
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### 13.16 **Project Documents**

- (a) As at the Signing Date:
  - (i) the copies of the Project Documents delivered by it to the Intercreditor Agent are true and complete copies of those documents, and are current and in full force and effect (other than any Project Document the effectiveness of which is conditional upon the occurrence of the making of all or any part of the First Advance) and have not been further amended and no provision therein waived (other than as disclosed to the Intercreditor Agent); and
  - (ii) other than as disclosed to and agreed by the Intercreditor Agent prior to the Signing Date, it is not aware of, and has not received any notice of, any breach, termination, suspension, Force Majeure Event, or force majeure under or affecting any Project Documents.
- (b) The Senior Finance Documents, the Major Project Documents and the Equity Documents contain all terms of the material contractual arrangements entered into by any Borrower Entity or any Equity Party in relation to the Project, other than any documents delivered to and approved in writing by the Intercreditor Agent for the purpose of this paragraph (b).
- (c) The services to be performed, the facilities and materials to be supplied, the means available for supplying all such materials, easements, licenses and other rights granted or to be granted to the Borrower pursuant to the terms of the Project Documents and the Material Governmental Authorisations, except for services and materials which can reasonably be expected to be available on commercially reasonable terms and conditions when required, are sufficient or will be sufficient upon their grant to enable the Project to be constructed and operated on the Site.

### 13.17 **No Default**

No Default is subsisting.

### 13.18 **Intellectual Property**

It has available to it all material intellectual property, including licences, copyrights, design registrations and know-how necessary for the implementation of the Project.

### 13.19 **Security Interests**

- (a) No Security Interest exists over all or any part of the assets which are the subject of the Transaction Security which is not a Permitted Security Interest.
- (b) Each Security Document confers the Security Interests it purports to confer over the assets which are the subject of the Transaction Security and those Security Interests are not subject to any prior ranking or *pari passu* Security Interests (other than any Permitted Security Interests) and are not liable to avoidance in any Insolvency Proceeding.

### 13.20 **Insurances**

On and from the Closing Date, all Project Insurances which are required to be maintained or effected as of such date are in full force and effect, all premiums due and payable have been paid and no event or circumstance has occurred, nor has there been any omission to disclose a fact, which would in either case entitle any insurer to avoid or otherwise reduce its liability under any policy relating to the Project Insurances.

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### 13.21 No Other Business

- (a) It has not engaged in any business or activities, either alone or in partnership or joint venture, other than those envisaged by the Transaction Documents and does not have any place of business outside Indonesia or its place of incorporation.
- (b) It has not entered into any partnership, joint venture arrangement or other type of arrangement under which its profits or revenue may be pooled with that of any other person, other than those envisaged by the Transaction Documents.
- (c) It has no Subsidiary and does not hold any share capital or equivalent rights of ownership, directly or indirectly, in any other person.
- (d) It has no investments other than Permitted Investments.

### 13.22 Taxes and FATCA

It has, to the extent required by Applicable Law, filed on a timely basis all Tax returns that are required to be filed by it and has paid all Taxes, fees and other analogous charges properly imposed on it by any relevant Governmental Authority (other than Taxes, fees and other charges the payment of which are not yet due or which are being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent's satisfaction for the benefit of the Senior Secured Parties).

### 13.23 Environmental and Social Requirements

#### (a) Safeguards Requirements

- (i) The Borrower is in compliance in all material respects with:
  - (A) all of its obligations under the Transaction Documents relating to environmental and/or social matters, including social protection and gender requirements; and
  - (B) the Safeguards and Social Provisions .
- (ii) The Project is being and has been prepared, designed, constructed, implemented and operated in accordance with the Safeguards and Social Provisions .
- (iii) The Borrower has obtained all material Governmental Authorisations to the extent they are required at the relevant time by the Environmental and Social Laws.

#### (b) Scope of Safeguards and Social Documents

- (i) The Safeguards and Social Documents have been, or will be, prepared and updated by duly qualified consultants and experts, in good faith and with due care, and based on examination and assessments carried out and the Safeguards and Social Documents are, or will be, in compliance with Safeguards Requirements.
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- (ii) The information contained in each Construction and Drilling Progress Report, Reservoir Monitoring Report and Operation Report with respect to any environmental and social matter and any other report and information delivered to the Intercreditor Agent and the Senior Lenders' Reserves Consultant or the Senior Lenders' Technical Advisor with respect thereto was true and accurate in all material respects and not misleading (whether because of information actually provided or which should have been provided) as at the date of the provision of such report or information.
- (iii) The Borrower is not aware of any fact or circumstance that would contravene or conflict with, in any material respect, any conclusion, finding or assumption contained in the Safeguards and Social Documents.

(c) Safeguards and Social Information

- (i) All information generated by the Borrower and submitted to any Governmental Authority, the Senior Lenders and/or to affected persons or other stakeholders in connection with any labour, environmental, health and safety, involuntary resettlement or indigenous peoples matter in connection with the Project was true, complete and accurate in all material respects at the time of submission and no such document omitted any information the omission of which would have made such document misleading in any material respect.
- (ii) All information not generated by the Borrower submitted to any Governmental Authority in connection with social and environmental matters relating to the Project was, to the best of its knowledge (after making such investigations as a prudent developer would undertake in the normal course of business), true, complete and accurate in all material respects at the time of submission.
- (iii) All opinions, projections and forecasts generated by the Borrower and submitted to any Governmental Authority, and, to the best of its knowledge (after making such investigations as a prudent developer would undertake in the normal course of business), all opinions, projections and forecasts not generated by the Borrower but submitted to any Governmental Authority in connection with social and environmental matters relating to the Project have been diligently arrived at and provided in good faith at the time of submission, and there is no omission which makes such submitted documents misleading in any material respect.

(d) Safeguards and Social Claims

- (i) Other than as disclosed to and accepted by the Intercreditor Agent (in each case in writing), there are no past, pending or, to the Borrower's knowledge, threatened Safeguards and Social Claims in relation to the Project.
- (ii) There are no facts, circumstances, conditions or occurrences regarding the Project that could reasonably be expected to form the basis of a Safeguards and Social Claim.

#### 13.24 Transactions with Affiliates

It is not a party to any contracts or agreements with, or any other commitments to, any Affiliate (other than the Transaction Documents and any other agreements approved in writing by the Intercreditor Agent) except for transactions entered into in the ordinary course of business on normal commercial terms and on an arm's length basis.

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### 13.25 Business Practices

- (a) The information contained in the document titled “Project Development – History and Bidding Background” initialled by the Operator and delivered to the Intercreditor Agent on or before the Signing Date for the purposes of identification is true and accurate in all material respects and is not misleading in any material respect and has been compiled with due care and attention.
- (b) Neither the Borrower nor any person acting on its behalf has been engaged in:
  - (i) Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Project or any transaction contemplated by the Transaction Documents, including the procurement or the execution of any contract for goods, services or works relating to the Project;
  - (ii) Obstructive Practices;
  - (iii) Money Laundering or acted in breach of any Applicable Law relating to Money Laundering; or
  - (iv) Financing of Terrorism or acted in breach of any Applicable Law relating to the Financing of Terrorism.
- (c) Neither the Borrower (and the respective directors or officers or, to the Borrower’s best knowledge (after due and careful inquiry), any of its employees, affiliates, agents or representatives):
  - (i) is a Restricted Party;
  - (ii) has been engaged in any transaction, activity or conduct that could reasonably be expected to result in its being designated as a Restricted Party; and/or
  - (iii) has received notice of, or is otherwise aware of, any claim, action, suit, proceedings or investigation involving it with respect to Sanctions.

### 13.26 Ownership and Capitalization

- (a) As of the Signing Date, the Itochu Shareholder directly, and Itochu indirectly, owns:
    - (i) one hundred per cent. (100%) of all issued shares in the capital of the Itochu Borrower Entity; and
    - (ii) twenty five per cent. (25%) of all issued shares in the capital of the Operator.
  - (b) As of the Signing Date, the Kyushu Shareholder directly, and Kyushu indirectly, owns:
    - (i) one hundred per cent. (100%) of all issued shares in the capital of the Kyushu Borrower Entity; and
    - (ii) twenty five per cent. (25%) of all issued shares in the capital of the Operator.
  - (c) As of the Signing Date, Medco directly owns:
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- (i) one hundred per cent. (100%) of all issued shares in the capital of the Medco Borrower Entity; and
- (ii) thirty seven point twenty five per cent. (37.25%) of all issued shares in the capital of the Operator.
- (d) As of the Signing Date, the Ormat Shareholder directly, and Ormat indirectly, owns:
  - (i) one hundred per cent. (100%) of all issued shares in the capital of the Ormat Borrower Entity; and
  - (ii) twelve point seventy five per cent. (12.75%) of all issued shares in the capital of the Operator.
- (e) As of the Signing Date all shares in the capital of the Borrower are fully paid.
- (f) No person has any right to call for the issue or transfer of any share capital or loan stock in the Borrower other than in accordance with the Equity Documents or the Security Documents.

#### 13.27 **Operator**

The Operator :

- (a) has been and is appointed by the other Borrower Entities to develop, construct, operate and maintain the Project for and on behalf of itself and the other Borrower Entities in accordance with the other Borrower Entities' and its rights and obligations under the Project Documents; and
- (b) is permitted to own the Project Accounts for itself and as trustee for the benefit of each of the Borrower Entities in accordance with the provisions of the Senior Finance Documents.

#### 13.28 **Acknowledgement of Reliance**

The Borrower acknowledges that each of the Senior Finance Parties has entered into the Senior Finance Documents in reliance upon the representations and warranties contained in this Clause 13 ( *Representations and Warranties* ).

#### 13.29 **Time for Making Representations and Warranties**

- (a) Each of the representations warranties set out in this Clause 13 ( *Representations and Warranties* ) are made by the Borrower to each of the Senior Finance Parties on the Signing Date.
  - (b) Unless otherwise expressed to be given on a particular date, the Borrower shall be deemed to repeat the representations and warranties set out in:
    - (i) Clauses 13.1 ( *Corporate Existence* ) to 13.27 ( *Operator* ), inclusive, on the day on which the First Drawdown Notices are delivered to the Intercreditor Agent and the First Drawdown Date; and
    - (ii) Clauses 13.1 ( *Corporate Existence* ), 13.2 ( *Powers and Authority* ), 13.3 ( *Binding Obligations* ), 13.4 ( *Governing Law* ), 13.5 ( *Non-Conflict* ), 13.6 ( *Authorisations* ), 13.8 ( *Valid Title* ), 13.11 ( *Immunity* ), 13.12 ( *Financial Statements* ), 13.13 ( *Litigation* ), 13.15 ( *Information* ), 13.16 ( *Project Documents* ) and 13.27 ( *Operator* );
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(A) on each day on which a Drawdown Notice is received by the Intercreditor Agent and on each Drawdown Date; and

(B) other than Clause 13.13 ( *Litigation* ), on each Interest Payment Date,

in each case with reference to the facts and circumstances existing at such time.

## **14. HEDGING**

### **14.1 Hedging Programme**

- (a) Subject to the other provisions in this Clause 14, the Borrower must comply with the Hedging Programme.
- (b) The Borrower shall not enter into any interest rate or currency swap, option, cap, floor or other hedging agreements, instruments or arrangements, except Hedging Agreements and Hedging Transactions entered into or maintained in accordance with this Clause 14.

### **14.2 Hedging Agreements**

- (a) Hedging Transactions entered into pursuant to the Hedging Programme shall be documented pursuant to an ISDA Master Agreement together with an ISDA Schedule and one or more swap confirmations.
- (b) The Borrower must pay all Hedging Costs and Hedging Termination Sums and otherwise comply with the terms and conditions of the Hedging Agreements.
- (c) The Borrower shall not amend, waive, assign, transfer, terminate, close out or cancel (or agree to any of the foregoing) any Hedging Agreement or Hedging Transaction after the Closing Date, other than:
  - (i) in accordance with this Clause 14;
  - (ii) if and to the extent expressly permitted or required by any Senior Finance Document; or
  - (iii) with the prior written consent of the Intercreditor Agent.

### **14.3 Hedge Counterparties**

The Borrower must not enter into a Hedging Agreement or Hedging Transaction with a person unless that person is a Hedging Counterparty.

### **14.4 Notional Amount Reductions**

If, at any time, the aggregate notional amount hedged under the Hedging Transactions is greater than:

- (a) the applicable Minimum Cumulative Amount (as defined in Schedule 3 ( *Hedging Programme* )) of the amount of Floating Rate Senior Loans outstanding at such time as a consequence of a repayment or voluntary or mandatory prepayment of the Senior Loans, the Borrower may partially terminate the Hedging Agreements; or
  - (b) one hundred per cent. (100%) of the aggregate of the Floating Rate Senior Loans outstanding at such time and the unutilised Total Commitment as a consequence of a repayment or voluntary or mandatory prepayment of the Senior Loans, or any cancellation of any part of the Total Commitment, the Borrower shall partially terminate the Hedging Agreements,
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in each case on a basis that is *pro rata* to each Hedging Counterparty's share of the aggregate notional amount at the time of such partial termination, provided that, immediately after such partial termination, the Borrower would continue to comply with the Hedging Programme.

## **15. INFORMATION UNDERTAKINGS**

### **15.1 Audited Financial Statements**

- (a) The Borrower shall, as soon as they are available, but in any event within one hundred and twenty (120) days after the end of each Financial Year, supply to the Intercreditor Agent (in sufficient number of copies for each Senior Lender and the Intercreditor Agent or as the Intercreditor Agent may otherwise agree) copies of the Borrower's Consolidated Financial Statements in respect of such Financial Year, which must be audited and certified by PricewaterhouseCoopers or (if approved by the Intercreditor Agent, acting reasonably, Deloitte Touche Tohmatsu Limited, Ernst & Young or KPMG or any other internationally recognised firm of independent auditors approved by the Intercreditor Agent) or any of their respective Indonesian affiliate firms.
- (b) The Borrower shall, as soon as they are available, but in any event within one hundred and twenty (120) days after the end of the respective financial years for each Sponsor, supply to the Intercreditor Agent copies of the financial statements of each such Sponsor in respect of such financial year audited and certified by an internationally recognised firm of independent auditors.
- (c) If the Borrower receives a copy of the financial statements of any Major Project Party while it is a Major Project Party, the Borrower shall as soon as reasonably practicable after receipt supply to the Intercreditor Agent copies of the same.

### **15.2 Unaudited Financial Statements**

- (a) The Borrower shall, as soon as they are available, but in any event within forty five (45) days after the end of each quarter of each Financial Year, supply to the Intercreditor Agent copies of the unaudited quarterly Borrower's Consolidated Financial Statements for that Financial Year.
- (b) The Borrower shall, together with each of the unaudited Borrower's Consolidated Financial Statements delivered in accordance with paragraph (a) above, deliver to the Intercreditor Agent a certificate signed by the principal financial officer and a director of the Operator to the effect that such Borrower's Consolidated Financial Statements fairly represents the financial condition of the unincorporated joint venture constituted by the Borrower Entities as at the end of, and the results of its operations for, the quarter ending on the date of such Borrower's Consolidated Financial Statements in accordance with Applicable Accounting Standards.

### **15.3 Form of financial statements**

- (a) The Borrower must ensure that each set of Borrower's Consolidated Financial Statements supplied under this Agreement:
    - (i) gives (if audited) a true and fair view of, or (if unaudited) fairly represents, the financial condition of the unincorporated joint venture constituted by the Borrower Entities as at the date to which those Borrower's Consolidated Financial Statements were prepared;
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- (ii) are prepared in accordance with the Applicable Accounting Standards; and
  - (iii) in relation to the Borrower's Consolidated Financial Statements, includes a reconciliation statement (in a form approved by the Intercreditor Agent) which reconciles the Borrower's Consolidated Financial Statements (prepared in accordance with the Applicable Accounting Standards) with IFRS.
- (b) The Borrower must notify the Intercreditor Agent of any change to the manner in which the Borrower's Consolidated Financial Statements are prepared.
- (c) If requested by the Intercreditor Agent, the Borrower must deliver to the Intercreditor Agent:
  - (i) a full description of any change notified under paragraph (b) above; and
  - (ii) sufficient information to enable the Senior Finance Parties to make a proper comparison between the financial position shown by the set of Borrower's Consolidated Financial Statements prepared on the changed basis and the most recent audited or unaudited (as applicable) Borrower's Consolidated Financial Statements delivered to the Intercreditor Agent under this Agreement.

#### **15.4 Construction and Drilling Progress Reports**

- (a) The Borrower shall supply to the Intercreditor Agent no later than twenty-one (21) days following the end of each month until the Lenders' Completion Date, a Construction and Drilling Progress Report in relation to such month.
- (b) The Intercreditor Agent shall request the Senior Lenders' Technical Advisor and Senior Lenders' Reserves Consultant to review and report on each Construction and Drilling Progress Report and in each case, on any other matters which arise out of their review thereof.

#### **15.5 Reservoir Monitoring Reports**

- (a) The Borrower shall supply to the Intercreditor Agent on and after the Unit COD of the First Generating Unit, no later than forty five (45) days following the last day of the first three quarters of each calendar year and the last day of each calendar year, a Reservoir Monitoring Report in relation to such quarter or calendar year, as the case may be.
- (b) The Intercreditor Agent shall request the Senior Lenders' Reserves Consultant to review and report on each Reservoir Monitoring Report and in each case, on any other matters which arise out of its review thereof.

#### **15.6 Operation Reports**

- (a) The Borrower shall supply to the Intercreditor Agent on and after the Unit COD of the First Generating Unit, no later than forty five (45) days following the last day of each of the first three quarters of each calendar year and the last day of each calendar year, an Operation Report in relation to such quarter or calendar year, as the case may be.
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- (b) The Intercreditor Agent shall request the Senior Lenders' Reserves Consultant and the Senior Lenders' Technical Advisor to review and report on each Operation Report and in each case, on any other matters which arise out of their review thereof.

#### 15.7 Other Information in relation to the Project

The Borrower shall supply to the Intercreditor Agent:

- (a) no less than fourteen (14) days before any Short Term Test or Long Term Production Test (each as defined in the Initial Drilling Contract) is scheduled under the Initial Drilling Contract, a notice setting out the schedule for such tests;
  - (b) no less than fourteen (14) days before any "Unit Rated Capacity Test" and "Final Test" (as defined in the Power Plant Construction Contract) is scheduled, a notice setting out the schedule for such tests;
  - (c) if a Generating Unit has not achieved or the Borrower becomes aware that it is unlikely to achieve its Unit COD by its Scheduled Unit COD, promptly thereafter a plan demonstrating to the reasonable satisfaction of the Intercreditor Agent how the Borrower will achieve the Unit COD by the relevant Unit COD Sunset Date, together with an updated draft Project Budget and draft Project Schedule in respect of such plan for approval by the Intercreditor Agent;
  - (d) notice of any unscheduled suspension of operation of any of the Electricity Generation Facilities for more than twenty four (24) hours after the date that the Unit COD of the First Generating Unit occurs, promptly after the occurrence thereof;
  - (e) promptly upon request of the Intercreditor Agent (which request may be made no more than once per calendar year or, if more frequently, in circumstances where such report is required in order for one or more of the Senior Finance Parties to comply with Bank Indonesia's regulations), an appraisal report of land (if necessary), buildings and machinery owned by the Borrower prepared by an independent appraisal firm approved by the Intercreditor Agent;
  - (f) not less than ninety (90) days prior to notifying PGE pursuant to Article 3.3 of the JOC that it intends to surrender any part of the Contract Area, a report which includes a description in reasonable detail of the proposed area to be surrendered and of the reasons for the proposed surrender;
  - (g) as soon as practicable, a copy of the annual work program submitted by the Borrower to PGE pursuant to Article 4.3 of the JOC;
  - (h) as soon as practicable after delivery thereof, a copy of:
    - (i) any report delivered to PLN by the Borrower pursuant to Section 5.5 of the ESC with respect to the long term insufficient deliverability of Geothermal Energy; and
    - (ii) each final test report relating to the Special Facilities delivered to PLN by the Borrower pursuant to Clause 4.2.7 of Part A of Annex 7 of the ESC;
  - (i) promptly after the occurrence thereof, confirmation of the "Taking-Over" of the Special Facilities (as that term is defined in Clause 2.3 of Part C of Annex 7 of the ESC);
  - (j) promptly following a request by the Intercreditor Agent, copies of invoices that are delivered to PLN pursuant to the ESC;
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- (k) promptly following receipt, a copy of any request, claim or demand for liquidated damages under any Major Project Document, together with an explanation of the reasons for such request, claim or demand;
- (l) promptly after receipt thereof, a copy of any notice from PLN, MoF or any Governmental Authority regarding any PLN Privatisation Event, PGE Privatisation Event or transfer, restructuring or buy-out of PLN or PGE's obligations under the ESC or, in the case of PGE, the JOC;
- (m) promptly after the determination thereof, the details of any adjustment to the Base Electricity Charge (as defined in the ESC) or Unit Rated Capacity of a Generating Unit (including the results of any Annual Unit Rated Capacity Test);
- (n) promptly after become aware of the same, a declaration to PLN pursuant to Section 5.2.2 of the ESC of a lower Unit Rated Capacity of a Generating Unit;
- (o) promptly after becoming aware of the same, a Capacity Failure and the results of a Capacity Verification Test (each as defined in Section 5.2.3 of the ESC);
- (p) promptly after becoming aware of the same, the amount of any overpayment or underpayment of the Production Allowance (as defined in the JOC) to PGE;
- (q) promptly after receipt thereof, a copy of any notice issued by a person under or pursuant to the following provisions of the ESC: Section 4.5, Section 4.15, Section 4.16, Section 5.7.2(i), Section 11 and Section 13.10;
- (r) promptly after receipt thereof, a copy of any notice issued by a person under or pursuant to the provisions of the JOC, including pursuant to Article 4.7(b)(v) or Article 18.4 of the JOC;
- (s) within ten (10) Business Days after receipt thereof, a copy of any material report, notice or claim delivered under or prepared in accordance with, any Safeguards Requirements; and
- (t) if received by the Borrower, copies of all reports delivered by any Major Project Party to the Borrower pursuant to a Major Project Document, promptly after receipt thereof.

## 15.8 Notices

The Borrower shall , promptly upon obtaining knowledge or copies thereof, notify the Intercreditor Agent of:

- (a) the occurrence of any Default;
  - (b) any material amendments to, or any non-compliance with, or default under, or termination of, any of:
    - (i) the Constitutional Documents of any Borrower Entity; and
    - (ii) the Equity Documents;
  - (c) any deduction or withholding required to be made in relation to any payment under the Senior Finance Documents;
  - (d) any litigation, expert determination, arbitration or administrative proceeding pending or initiated or, to its knowledge, threatened against:
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- (i) any Borrower Entity or Equity Party (other than a Sponsor) or any of its assets;
    - (ii) any Major Project Party (other than a Person referred to in paragraph (i) above) or other person which has or is reasonably likely to have, or if adversely determined will or would reasonably be likely to have, a Material Adverse Effect;
  - (e) any event (and any notice, correspondence or communication from the Borrower, any Major Project Party or any Governmental Authority in relation to such event) that would materially and adversely impact the ability of the Borrower or any Major Project Party to meet any of its material obligations under the Transaction Documents to which it is a party;
  - (f) the implementation of any law, regulation, authorisation (or change in any authorisation), instrument, undertaking or obligation by any relevant Governmental Authority:
    - (i) which will or is reasonably likely to delay in any material respect the implementation of the Project;
    - (ii) which will or is reasonably likely to negatively affect the ability of the Borrower to receive or make payments in accordance with the provisions of the Transaction Documents;
    - (iii) which will or is reasonably likely to result in a change in the nature or the scope of the Project or the business or operations of the Borrower;
    - (iv) which has or is reasonably likely to adversely affect the Borrower's ownership of the Project Assets or its rights to use the PGE Assets pursuant to the provisions of the JOC;
    - (v) which would require the Borrower to obtain a new Material Governmental Authorisation; or
    - (vi) which has or is reasonably likely to have a Material Adverse Effect.
  - (g) any written notices or documents received by it with respect to or for the purpose of revoking, terminating, withdrawing, suspending, materially modifying, or notifying any breach of:
    - (i) any Material Governmental Authorisation; or
    - (ii) any other authorisation material to and necessary for the execution, delivery or performance by any of the Major Project Parties of their respective obligations, or the exercise of their respective rights, under the Major Project Documents, or the implementation of the Project in the manner contemplated by the Project Documents;
  - (h) any actual or proposed termination, revocation, rescission or discharge (otherwise than by performance) of any Major Project Document or any material provision of any Project Document;
  - (i) the occurrence of, or any notice given or received by the Borrower of, any dispute, breach, default, Force Majeure Event, suspension, termination, revocation, rescission or repudiation under any Major Project Document; and
  - (j) any execution, amendment, waiver or termination of, or default under, any Hedging Transaction.
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#### 15.9 **Forecast Funding Shortfall**

Without prejudice to any term or condition in this Agreement, if any Forecast Funding Shortfall has occurred or is forecast to occur by the Borrower or the Intercreditor Agent, the Borrower shall, within thirty (30) days of its occurrence or forecast by it or delivery by the Intercreditor Agent to it of notification of such forecast by the Intercreditor Agent, deliver a plan to the Intercreditor Agent setting out the Borrower's plan to eliminate such Forecast Funding Shortfall.

#### 15.10 **Know Your Customer Requirements**

The Borrower shall promptly upon request by the Intercreditor Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Intercreditor Agent (for itself, any other Agent or on behalf of any Senior Finance Party (including for any Senior Lender on behalf of any prospective new Senior Lender)) in order for the Intercreditor Agent, such other Agent or any new Senior Lender to satisfy any Know Your Customer Requirements.

#### 15.11 **Other Information**

The Borrower shall supply to the Intercreditor Agent and any Senior Lenders' Advisor promptly on request, such other financial, operating and reserves or other information relating to it or the Project as the Intercreditor Agent and that Senior Lenders' Advisors may from time to time reasonably request.

### 16. **GENERAL UNDERTAKINGS**

#### 16.1 **General Corporate**

- (a) The Borrower shall ensure that each Borrower Entity maintains its corporate existence.
- (b) The Borrower shall ensure that:
  - (i) each Borrower Entity (other than the Itochu Borrower Entity) maintains 31 December in each calendar year as its financial year end; and
  - (ii) the Itochu Borrower Entity maintains 31 March in each calendar year as its financial year.
- (c) The Borrower shall keep proper records and books of account in respect of its business and in respect of the Project including as to the share capital issued by the Borrower Entities to the Shareholders.
- (d) The Borrower shall establish and maintain adequate management information and cost control systems (consistent with Prudent Utility Practices), and maintain proper books and records in accordance with Applicable Accounting Standards.

#### 16.2 **Ranking of Obligations**

The Borrower shall ensure that its obligations under the Senior Finance Documents at all times rank at least *pari passu* in all respects with all its other unsecured and unsubordinated obligations, except those preferred solely by operation of Applicable Law.

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### 16.3 Compliance with Laws and Governmental Authorisations

- (a) The Borrower shall comply with all Applicable Laws in all material respects.
- (b) The Borrower shall obtain (no later than the date on which each such Material Governmental Authorisation is required under Applicable Law), comply with the terms of and do all that is necessary to maintain in full force and effect, all Material Governmental Authorisations.

### 16.4 Bank Indonesia Reporting and Other Requirements

- (a) The Borrower shall comply with all reporting, filing and similar requirements under Applicable Laws and provide evidence to the Intercreditor Agent of such reporting, filings and other similar actions taken by the Borrower upon request by the Intercreditor Agent from time to time, in respect of any information relating to the Senior Finance Documents that must be reported to any competent Governmental Authority.
  - (b) Without limiting the foregoing, the Borrower shall at all times comply with the filing, reporting and other obligations of the Medco Borrower Entity in respect of:
    - (i) Bank Indonesia Regulation No. 14/21/PBI/2012 dated 21 December 2012 concerning the Reports of Foreign Exchange Traffic Activities, which came into force on 1 January 2013 (“ **PBI 14/21/2012** ”), and its implementing regulation namely Circular Letter of Bank Indonesia No. 15/16/DInt dated 29 April 2013 concerning the Reports of Foreign Exchange Traffic Activities In the Form of Offshore Loans Implementation and Position and Circular Letter of Bank Indonesia No. 15/17/DInt dated 29 April 2013 concerning the Reports of Foreign Exchange Traffic Activities In the Form of Offshore Loans Plan, Amendment of Offshore Loans Plan, and Financial Information; and
    - (ii) all amendments and implementing regulations in respect thereof prevailing from time to time.
  - (c) Without limiting the foregoing, the Borrower shall file the following reports:
    - (i) the report of the offshore loans plan:
      - (A) before the Signing Date;
      - (B) each year at the latest on 15 March,and any amendment to the report of the offshore loans plan not later than 1 July in the relevant year;
    - (ii) the report on offshore loan principal data and/or its amendment, which contains the offshore loan profile and/or its amendment if there is a new offshore loan or amendment to the previous/ongoing offshore loan, not later than the 15<sup>th</sup> day on the following month after the Signing Date;
    - (iii) the Offshore Loan Recapitulation Data Report, which contains offshore loan withdrawal and / or payment transaction so that it reflects the realization and offshore loan position, on a monthly basis not later than the 15<sup>th</sup> day of the following relevant month;
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- (iv) financial information for every six (6) month period, comprising the financial performance data which consists of assets, liabilities, income and net profit of the Medco Borrower Entity:
  - (A) with respect to the annual financial report for the period of January until December), not later than 15 June of the following year; and
  - (B) with respect to the interim report for the period of January until June, not later than 15 December for that year; and
- (v) the reports required pursuant to Bank Indonesia Regulation No. 14/25/PBI/2012 dated 27 December 2012 concerning Receipt of Export Proceeds and Disbursement of Offshore Loans (“ **PBI 14/25/2012** ”) and Bank Indonesia Regulation No. 13/22/PBI/2011 dated 30 September 2011 concerning the Obligation to Report the Disbursement of Offshore Loans (“ **PBI 13/22/2011** ”) with respect to the disbursement of the offshore loans, not later than the 10<sup>th</sup> day following the relevant month,

and the Borrower shall deliver to the Intercreditor Agent a copy of each filing, reporting or similar document it delivers pursuant to the foregoing.

#### 16.5 **Taxes and stamp duties**

The Borrower shall pay and discharge all Taxes, assessments and governmental charges or levies whatsoever imposed on any Borrower Entity or on any Borrower Entity’s income or profits or on any of its property and all Taxes, assessments and governmental charges or levies that a Borrower Entity has agreed to pay pursuant to any Transaction Document or Material Governmental Authorisation and all lawful claims relating thereto prior to the date on which penalties attach thereto, and shall timely file all returns relating thereto, except to the extent that any such Tax, assessment, governmental charge, levy or claim is being contested in good faith and through appropriate proceedings that would not reasonably be likely to involve any substantial danger of the sale, forfeiture, loss or interference of or in the Project or the Project Assets or to have a Material Adverse Effect in the opinion of the Intercreditor Agent (acting reasonably) and in respect of which the Borrower has deposited adequate segregated cash reserves into an account approved by the Intercreditor Agent and which is secured to the Intercreditor Agent’s satisfaction for the benefit of the Senior Secured Parties.

#### 16.6 **Scope of Business**

The Borrower shall not:

- (a) carry on any business other than the carrying out of the Project in accordance with the terms of the Transaction Documents; or
- (b) change the nature or scope of its business or engage in any generating capacity expansion project.

#### 16.7 **Maintenance of Title and Security Interests**

- (a) The Borrower shall:
    - (i) maintain good and valid title to the Project Assets it owns; and
    - (ii) preserve its rights under the JOC to use Project Assets owned by PGE in accordance with the provisions of the JOC,
- in each case free and clear of any Security Interests other than Permitted Security Interests.
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- (b) The Borrower shall grant and execute the Security Interests (by way of further assurance) reasonably required from time to time by the Intercreditor Agent (in form and substance satisfactory to the Intercreditor Agent) in respect of the interest of the Borrower in:
- (i) any Project Documents entered into by the Borrower after the First Drawdown Date; and
  - (ii) any Project Asset it owns or Project Revenues,
- and deliver any other document (including, where such charge is reflected in a new Security Document, any legal opinion from Senior Lenders' counsel with respect to the creation and perfection of security) as the Intercreditor Agent or the Security Agents shall reasonably require.

**16.8 Disposals**

The Borrower shall not Dispose of all or any part of its business or assets (or agree to do any of the foregoing) whether by a single transaction or by a number of transactions whether related or not, or permit a set-off (other than by operation of law or in respect of an agreement which is not a Major Project Document) or combination of accounts (in respect of its book debts) , except for any Permitted Disposal.

**16.9 Security Interests**

The Borrower shall not grant, create or attempt or agree to create or permit to arise or exist any Security Interest over all or any part of its assets or all or any part of the Project Assets and the PGE Assets other than Permitted Security Interests.

**16.10 Financial Indebtedness**

- (a) The Borrower shall not incur or have outstanding any Financial Indebtedness which is not Permitted Financial Indebtedness.
- (b) The Borrower shall not lend money, grant any credit or issue any guarantee except:
  - (i) where the liabilities at any one time outstanding thereunder are not exceeding, in aggregate, USD500,000 (or its equivalent); or
  - (ii) as provided for or required by the Transaction Documents.

**16.11 Acquisitions and Investments**

The Borrower shall not:

- (a) establish or acquire any Subsidiary;
  - (b) acquire all or part of the business of any other person or any property or right (except in the ordinary course of business and as required for the Project) in the nature of an investment other than Permitted Investments;
  - (c) invest in any other person or have any other form of investments, other than Permitted Investments; or
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- (d) merge into or consolidate with or transfer all or substantially all of its assets to any other person.

#### 16.12 Bank Accounts and Payments

- (a) The Borrower shall not open or maintain with any bank, financial institution or any other person any deposit account (other than the Project Accounts, the Trust Accounts and any Permitted Investment) without the prior written consent of the Intercreditor Agent.
- (b) The Borrower shall instruct all counterparties to the Transaction Documents (other than the Senior Secured Parties) to cause all payments to be made directly into the relevant Project Accounts in accordance with the requirements of the Senior Finance Documents.
- (c) The Borrower shall ensure that there is no Security Interest (other than a Permitted Security Interest):
  - (i) over any of its rights under the Trust Account Agreement; or
  - (ii) with respect to any amounts standing to the credit of any Trust Account.
- (d) The Borrower shall not:
  - (i) make, or permit to be made, any payments from the Project Accounts save as permitted pursuant to the Senior Finance Documents;
  - (ii) make, or permit to be made, any payments from any Trust Account to any person other than:
    - (A) as permitted by the Trust Account Agreement to PLN and/or PGE; or
    - (B) to the Offshore Account Bank for deposit into the Offshore General Account.

#### 16.13 Leasing of Assets

The Borrower shall not enter into any agreement for the acquisition, use or enjoyment of an asset or assets:

- (a) on the basis of a finance lease or a lease of a Capital Asset; or
- (b) on the basis of other leases,

other than:

- (i) as set forth in the Major Project Documents;
- (ii) to the extent specified by the most recent approved Project Budget or approved Operating Plan and Budget, provided that each such lease is clearly identified as a lease including for the purpose of this Clause 16.13; and
- (iii) any land comprising the Project Site or the subject of the Borrower-Use Permit of Forestry Area ( *Izin Pinjam Pakai Kawasan Hutan* ),

and provided that the aggregate amounts paid and payable by the Borrower under all such leases (other than any leases permitted under paragraph (iii) above) does not exceed the equivalent of USD5,000,000.

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#### 16.14 Replacement of Auditors

In the event the Borrower wishes to replace its existing auditors for any reason, it may, after the Intercreditor Agent has approved such replacement (acting reasonably), replace its existing auditors with any of Deloitte Touche Tohmatsu Limited, Ernst & Young or KPMG, or any other internationally recognised firm of independent auditors approved by the Intercreditor Agent, or any of their respective Indonesian affiliate firms .

#### 16.15 Settlements

The Borrower shall not consent to any settlement, resolution or compromise of any litigation, arbitration or other dispute if the amount in dispute exceeds USD3,000,000 (or its equivalent) without the consent of the Intercreditor Agent.

#### 16.16 Business Practices

- (a) The Borrower shall not engage in (nor shall it authorise or permit any person acting on behalf to engage in) and it shall ensure that no other Equity Party engages in:
    - (i) Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Project or any transaction contemplated by this Agreement, including the procurement or the execution of any contract for goods, services or works relating to the Project;
    - (ii) Obstructive Practices;
    - (iii) Money Laundering or act in breach of any Applicable Law relating to Money Laundering; or
    - (iv) the Financing of Terrorism or act in breach of any Applicable Law relating to the Financing of Terrorism.
  - (b) The Borrower shall not (and the Borrower shall ensure that no Equity Party will):
    - (i) contribute or otherwise make available all or any part of the proceeds of the Senior Facilities, directly or indirectly, to, or for the benefit of, any person (whether or not related to any Equity Party or Affiliate thereof) for the purpose of financing the activities or business of, other transactions with, or investments in, any Restricted Party;
    - (ii) directly or indirectly fund all or part of any repayment or prepayment of the Senior Facilities out of proceeds derived from any transaction with or action involving a Restricted Party; or
    - (iii) engage in any transaction, activity or conduct that would violate Sanctions, that would cause any Senior Finance Party to be in breach of any Sanctions or that could reasonably be expected to result in its or any Equity Party or any Senior Finance Party's being designated as a Restricted Party.
  - (c) The Borrower shall institute, maintain and comply with internal procedures and controls following international best practice standards for the purpose of preventing any action in breach of the provisions of this Clause 16.16.
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- (d) The Borrower undertakes to inform the Intercreditor Agent promptly if it should at any time obtain information in relation to any violation or potential violation of the provisions of Clause 16.16.
- (e) If the Intercreditor Agent notifies the Borrower of its concern that there has been a violation of any of the provisions of this Clause 16.16, then the Borrower will:
  - (i) cooperate in good faith with the Intercreditor Agent and its representatives in determining whether such a violation has occurred including obtaining legal opinions, authorisations and disclosure letters from government authorities, carrying out additional due diligence and investigative reports;
  - (ii) respond promptly and in reasonable detail to any notice from the Intercreditor Agent; and
  - (iii) delivery documentary support for such response upon the Intercreditor Agent's request.
- (f) Notwithstanding any other provision of the Senior Finance Documents or any confidentiality undertaking executed between the Borrower and a Senior Finance Party, the Borrower acknowledges that each Senior Finance Party may disclose to any Governmental Authority or any Specified International Financial Institution any information obtained by that Senior Finance Party in relation to any violation of any of the provisions of this Clause 16.16.

#### **16.17 Use of Proceeds**

The Borrower must not apply the proceeds of any Senior Loans otherwise than in accordance with Clause 2.4 ( *Purpose* ).

#### **16.18 Transactions with Affiliates**

The Borrower:

- (a) shall not enter into any contracts or agreements with any Equity Party or any Affiliate of an Equity Party other than the Transaction Documents and any other agreements approved in writing by the Intercreditor Agent; and
- (b) may only enter into any contract or agreement with any Equity Party or any Affiliate of an Equity Party in the ordinary course of business on normal commercial terms and on an arm's length basis.

#### **16.19 Powers of Attorney**

The Borrower must not grant any power of attorney , other than:

- (a) in the ordinary course of its business;
  - (b) those granted pursuant to the Transaction Documents; and
  - (c) those granted for the purpose of executing the Transaction Documents, or documents which shall become Transaction Documents upon entry thereto.
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## 16.20 Intellectual Property

The Borrower shall ensure that it has available to it at all times all material intellectual property, including licences, copyrights, design registrations and know-how necessary for the implementation of the Project.

## 17. EQUITY-RELATED UNDERTAKINGS

### 17.1 Payments to Equity Parties

The Borrower shall not make:

- (a) any Restricted Payments, except if and to the extent such Restricted Payments are paid from amounts standing to the credit of the Distributions Accounts in accordance with Clause 3.16 ( *Distributions Accounts* ) of the Accounts Agreement; or
- (b) any other payments to any Equity Party, except if and to the extent such payments constitute Permitted Equity Party Payments and are paid in accordance with the applicable provisions of the Accounts Agreement.

### 17.2 Equity Interests and Dividends

The Borrower shall not:

- (a) purchase or redeem any of its share capital or reduce its contributed or committed share capital or make a distribution of assets or other capital distribution to its Shareholders or any payment to an Affiliate (including any payment or prepayment of principal or payment of interest or any other amount under any Subordinated Shareholder Loan Agreement), other than from the Distributions Accounts in accordance with Clause 3.16 ( *Distributions Accounts* ) of the Accounts Agreement;
- (b) issue any further share capital or grant options or warrants to subscribe for any further shares in its capital to any person other than pursuant to an Equity Support Deed;
- (c) undertake any public offering; or
- (d) permit, or take any action to enable, any Equity Party to Dispose of any of its direct or indirect shares in the capital of any Borrower Entity, other than in accordance with an Equity Support Deed.

### 17.3 Equity Documents

The Borrower shall not (without the prior written consent of the Intercreditor Agent):

- (a) amend or permit any amendment to any of the Constitutional Documents of a Borrower Entity unless:
    - (i) such amendment is required by Applicable Law;
    - (ii) such amendment pertains to the notice periods for and locations of Shareholders' meetings, the frequency of and quorum for Shareholders' meetings or is otherwise effected in order to correct a manifest error;
    - (iii) such amendment is effected to comply with the requirements of any Project Document or in connection with any variation in its registered capital as a result of any equity injection made under the Equity Support Deed or any transfer of share capital permitted under the Senior Finance Documents; or
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- (iv) in connection with changes of member's representatives or other ordinary course matters;
- (b) agree to or permit any amendment to, or variation or waiver of, any of the terms or conditions of any of the Equity Documents to which any Borrower Entity is a party;
- (c) terminate or agree to any termination of any Equity Document to which any Borrower Entity is a party other than by reason of expiry of its term.

## **18. PROJECT UNDERTAKINGS**

### **18.1 Financial Model**

- (a) The Borrower shall maintain the Financial Model delivered to the Intercreditor Agent as a Condition Precedent to the First Advance in computer legible form for the purpose of updating it in accordance with this Clause 18.1.
- (b) The Borrower shall deliver to the Intercreditor Agent for approval a draft updated Financial Model promptly after the satisfaction of the requirements specified in paragraphs (a), (b), (c) and (d) of the definition of "Lenders' Completion Date" in Clause 1.1 ( *Definitions* ).
- (c) The Borrower must ensure that the draft Financial Model it delivers to the Intercreditor Agent pursuant to paragraph (b) above includes updated assumptions, including:
  - (i) the Technical Assumptions, including, for the purpose of paragraph 18.1(b) above, to reflect the results of the physical and operational testing referred to in the certificates delivered pursuant to paragraphs (a), (b), (c) and (d) of the definition of "Lenders' Completion Date" in Clause 1.1 ( *Definitions* ); and
  - (ii) the Economic Assumptions.
- (d) The Borrower agrees that it shall, promptly upon a request from the Intercreditor Agent, deliver to the Intercreditor Agent such information as it may reasonably require in connection with its review of a draft Financial Model.
- (e) A draft Financial Model shall become final and binding on the Parties only once it has been approved by the Intercreditor Agent. For the avoidance of doubt, except to the extent contemplated in paragraph 12(a) of Part B of Schedule 2 ( *Documentary Conditions Precedent* ), the Intercreditor Agent's approval of a draft Financial Model shall not extend to any output (including any financial covenant) produced by the draft Financial Model.

### **18.2 Debt Service Coverage Ratio Calculation Statement**

- (a) The Borrower shall deliver to the Intercreditor Agent for approval a draft Debt Service Coverage Ratio Calculation Statement on or as soon as practicable after each Calculation Date.
  - (b) The Borrower must ensure that each draft Debt Service Coverage Ratio Calculation Statement it delivers to the Intercreditor Agent in respect of a Calculation Date:
    - (i) calculates the Historic Debt Service Coverage Ratio for the relevant Calculation Periods, and for this purpose specifies all amounts necessary in order to calculate the Historic Debt Service Coverage Ratio for the relevant Calculation Periods; and
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- (ii) calculates the Projected Debt Service Coverage Ratio for the relevant Calculation Periods, and for this purpose:
  - (A) specifies all amounts necessary in order to calculate the Projected Debt Service Coverage Ratio for the relevant Calculation Periods; and
  - (B) such calculations shall be based on updated assumptions (including Technical Assumptions and Economic Assumptions) reasonably determined by the Borrower after due investigation and consideration (including taking into account the most recently approved Operating Plan and Budget), which updated assumptions shall be specified in the draft Debt Service Coverage Ratio Calculation Statement.
- (c) A draft Debt Service Coverage Ratio Calculation Statement shall become final and binding on the Parties only in the following circumstances:
  - (i) with respect to the first two draft Debt Service Coverage Ratio Calculation Statements delivered to the Intercreditor Agent by the Borrower pursuant to paragraph (a) above only, once it has been approved by the Intercreditor Agent; or
  - (ii) with respect to each other draft Debt Service Coverage Ratio Calculation Statement:
    - (A) once it has been approved by the Intercreditor Agent; or
    - (B) on the date falling fifteen (15) Business Days after receipt of the same, if the Intercreditor Agent (acting on the instructions of any one or more of the Senior Lenders) has not notified the Borrower in writing (giving reasons) that it does not approve the draft Debt Service Coverage Ratio Calculation Statement delivered to it by the Borrower pursuant to subparagraph (A).
- (d) If the Intercreditor Agent (acting on the instructions of any one or more Senior Lenders or any Facility Agent acting for any such Senior Lender) delivers a notice in writing to the Borrower requiring the Borrower to do so, the Borrower shall, as soon as reasonably practicable after receiving such notice, deliver to the Intercreditor Agent all information reasonably requested by the Intercreditor Agent in connection with the review by the Intercreditor Agent or any Senior Lender of any draft Debt Service Coverage Ratio Calculation Statement delivered by the Borrower to the Intercreditor Agent pursuant to paragraph (a) above.

### 18.3 **Project Budget**

- (a) Prior to the Lenders' Completion Date, the Borrower may, from time to time, deliver to the Intercreditor Agent for its approval a revised and updated draft Project Budget, together with explanations of differences from the most recent approved Project Budget.
  - (b) A Project Budget shall not become final and binding on the Parties unless and until it is approved by the Intercreditor Agent (in consultation with the Senior Lenders' Technical Advisor and the Senior Lenders' Reserve Consultant).
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#### 18.4 Project Schedule

- (a) Prior to the Lenders' Completion Date, the Borrower may, from time to time and as and when required pursuant to this Agreement, deliver to the Intercreditor Agent for its approval a revised and updated draft Project Schedule to reflect the then-current schedule for the completion of the Project.
- (b) A Project Schedule shall not become final and binding on the Parties unless and until it is approved by the Intercreditor Agent (in consultation with the Senior Lenders' Technical Advisor and the Senior Lenders' Reserve Consultant).
- (c) The Borrower shall use commercially reasonable efforts to adhere to each approved Project Schedule in all material respects.

#### 18.5 Operating Plan and Budget

- (a) The Borrower shall submit a draft Operating Plan and Budget to the Intercreditor Agent, the Senior Lenders' Technical Advisor and the Senior Lenders' Reserve Consultant not more than:
    - (i) sixty (60) days before the anticipated Unit COD of the First Generating Unit, for the period commencing on the Unit COD of the First Generating Unit to the end of the calendar year in which the Unit COD of the First Generating Unit occurs; and
    - (ii) forty five (45) days before the commencement of each subsequent calendar year, for that calendar year,each such period being an “ **Annual Period** ”.
  - (b) Each draft Operating Plan and Budget shall include:
    - (i) with respect to the operating plan, a summary of:
      - (A) anticipated operations, repairs and capital improvements including a discussion of the scope and timing for implementation;
      - (B) routine maintenance and overhaul schedules (including major maintenance) of the Electricity Generation Facilities and the Field Facilities, including a detailed breakdown of costs;
      - (C) procurement (including equipment acquisitions and spare parts and consumable inventories);
      - (D) staffing (including the Health, Safety and Environment Manager), personnel and labour activities;
      - (E) proposed drilling and/or work-overs of geothermal wells, and well repairs; and
      - (F) any other work proposed to be undertaken by the Borrower in connection with the operation and maintenance of the Project, in each case based on reasonable assumptions as to all factual and legal matters material to estimates therein;
      - (G) forecast annual net electrical generation for each Generating Unit per month;
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- (H) forecast annual Availability Factor (as defined in the ESC) for each Generating Unit and for all of the Generating Units, in aggregate;
    - (I) if the Availability Factor (as defined in the ESC) is less than ninety per cent (90%) for the Annual Period prior to the Annual Period that is the subject of the draft Operating Plan and Budget, a detailed description of the cause of the failure to achieve an Availability Factor of ninety per cent (90%) or more and a detailed discussion of the remedial measures to be undertaken in the Annual Period related to the draft Operating Budget and Plan to address the cause of the shortfall in generation.
  - (ii) with respect to the operating budget, reasonably detailed calculations in respect of:
    - (A) Scheduled Debt Service;
    - (B) estimated Project Revenues;
    - (C) Operating Costs (including Plant Maintenance Expenses and Well Maintenance and Drilling Expenses) and withdrawals from and deposits to the Plant Maintenance Reserve Account and the Well Maintenance and Drilling Reserve Account; and
    - (D) Capital Costs,

in each case associated with the activities set out in the operating plan for the relevant Annual Period, broken down on a month by month basis and based on reasonable assumptions as to all factual and legal matters material to estimates therein;
  - (iii) an analysis and comparison of the most recent approved Operating Plan and Budget as against the draft Operating Plan and Budget, including, for the avoidance of doubt:
    - (A) an analysis and comparison of the Plant Maintenance Expenses as against the most recent approved Plant Maintenance Projection; and
    - (B) an analysis and comparison of the Well Maintenance and Drilling Expenses as against the most recent approved Well Maintenance and Drilling Projection.
  - (c) An Operating Plan and Budget shall not become final and binding on the Parties unless and until it is approved by the Intercreditor Agent (in consultation with the Senior Lenders' Technical Advisor and the Senior Lenders' Reserve Consultant) or otherwise in accordance with the following paragraphs.
  - (d) If for any reason the Operating Plan and Budget has not been approved in writing by the Intercreditor Agent prior to the beginning of any Annual Period (other than the first Annual Period), the approved Operating Plan and Budget for the Annual Period shall, until such time as the Intercreditor Agent approves the Operating Plan and Budget (in which case that approved Operating Plan and Budget shall become the approved Operating Plan and Budget), be deemed to comprise the following:
    - (i) the parts (if any) of the Operating Plan and Budget approved by the Intercreditor Agent; and
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- (ii) for each part of the Operating Plan and Budget that has not been approved by the Intercreditor Agent, the amount of that part specified in the approved Operating Plan Budget for the previous Annual Period shall, until the adoption of an approved Operating Plan and Budget, be deemed to be in force and to be effective as the approved Operating Plan and Budget for such Annual Period; provided that:
    - (A) sixty per cent (60%) of the amount of that part of such approved Operating Plan and Budget shall be adjusted for changes in Indonesian CPI and forty per cent (40%) of the amount of that part of such approved Operating Plan and Budget shall be adjusted for changes in US PPI;
    - (B) any Plant Maintenance Expenses shall be consistent with the most recent approved Plant Maintenance Projection; and
    - (C) any Well Maintenance and Drilling Expenses shall be consistent with the most recent approved Well Maintenance and Drilling Projection.
  - (e) The Borrower shall use commercially reasonable efforts to ensure that its expenditure in respect of each item and classification of Operating Costs (other than Emergency Operating Costs which are not included in the most recent approved Operating Plan and Budget) and Capital Costs for each month of the applicable Annual Period does not exceed the corresponding amounts set out in the most recent approved Operating Plan and Budget.
  - (f) The Borrower shall not expend any amount or incur any obligation that would cause the aggregate amount of:
    - (i) Capital Costs and Operating Costs, other than:
      - (A) Plant Maintenance Expenses and Well Maintenance and Drilling Expenses (in respect of which the provisions of paragraphs (ii) and (iii) below will apply); or
      - (B) Emergency Operating Costs which are not included in the most recent approved Operating Plan and Budget, provided that the aggregate amount of such Emergency Operating Costs does not exceed USD5,000,000 in aggregate,  
  
in each case for any Annual Period, to exceed by more than ten per cent. (10%) of the aggregate amount of Capital Costs and Operating Costs (excluding Plant Maintenance Expenses and Well Maintenance and Drilling Expenses) for such Annual Period as set out in the most recent approved Operating Plan and Budget;
    - (ii) Plant Maintenance Expenses for any Annual Period to exceed the approved Plant Maintenance Projection for such Annual Period by more than ten per cent. (10%) of the approved Plant Maintenance Projection for such Annual Period as set out in the most recent approved Operating Plan and Budget; or
    - (iii) Well Maintenance and Drilling Expenses for any Annual Period to exceed the approved Well Maintenance and Drilling Projection for such Annual Period by more than ten per cent. (10%) of the approved Well Maintenance and Drilling Projection for such Annual Period as set out in the most recent approved Operating Plan and Budget.
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#### 18.6 **Drilling Program**

- (a) The Borrower may deliver an updated Drilling Program to the Intercreditor Agent and the Senior Lenders' Reserves Consultant at any time for approval by the Intercreditor Agent (such approval not to be unreasonably withheld or delayed).
- (b) Each updated Drilling Program shall be accompanied by a written explanation of the differences from the most recent approved Drilling Program.
- (c) A Drilling Program shall not become final and binding on the Parties unless and until it is approved by the Intercreditor Agent (acting in consultation with the Senior Lenders' Technical Advisor and the Senior Lenders' Reserves Consultant).
- (d) If, for any reason, a Drilling Program has not been approved in writing by the Intercreditor Agent prior to the beginning of its period, then the most recent approved Drilling Program shall continue to apply.

#### 18.7 **Plant Maintenance Projection**

- (a) The Borrower shall deliver to the Intercreditor Agent and the Senior Lenders' Technical Advisor not more than:
    - (i) sixty (60) days before the anticipated Unit COD of the First Generating Unit, for the period commencing on the Unit COD of the First Generating Unit to the date that occurs five (5) full calendar years after the Unit COD of the First Generating Unit;
    - (ii) forty-five (45) days before the anticipated Lenders' Completion Date, for the period from the anticipated Lenders' Completion Date to the date that occurs five (5) full calendar years after the anticipated Lenders' Completion Date; and
    - (iii) forty-five (45) days before the commencement of each calendar year thereafter, for the following five (5) calendar years,details of the Plant Maintenance Expenses which the Borrower projects it will incur during that period (each, a "**Plant Maintenance Projection**").
  - (b) A Plant Maintenance Projection shall not become final and binding on the Parties unless and until it is approved by the Intercreditor Agent (in consultation with the Senior Lenders' Technical Advisor) (such approval not to be unreasonably withheld or delayed) or otherwise in accordance with paragraph (c) below.
  - (c) If, for any reason, a Plant Maintenance Projection has not been approved in writing by the Intercreditor Agent prior to the beginning of its period, then:
    - (i) with respect to any period of the Plant Maintenance Projection which has not been approved by the Intercreditor Agent but which has been approved in a previously-approved Plant Maintenance Projection, the amount of Plant Maintenance Expenses for that period shall be that specified for such period in the previously-approved Plant Maintenance Projection; and
    - (ii) the Intercreditor Agent (in consultation with the Senior Lenders' Technical Advisor), acting reasonably, shall determine the relevant Plant Maintenance Projection solely in respect of the period which has not been approved by the Intercreditor Agent.
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#### 18.8 Well Maintenance and Drilling Projection

- (a) The Borrower shall deliver to the Intercreditor Agent and the Senior Lenders' Reserve Consultant not more than:
- (i) sixty (60) days before the anticipated Unit COD of the First Generating Unit, for the period commencing on the Unit COD of the First Generating Unit and ending on the last day of the third full calendar year following the Unit COD of the First Generating Unit;
  - (ii) forty-five (45) days before the anticipated Lenders' Completion Date, for the period commencing on the anticipated Lenders' Completion Date and ending on the last day of the third full calendar year following the Lenders' Completion Date; and
  - (iii) forty-five (45) days before the commencement of each calendar year thereafter, for the subsequent three full calendar years,
- details of the Well Maintenance and Drilling Expenses which the Borrower projects it will incur during that period (each, a “ **Well Maintenance and Drilling Projection** ”).
- (b) A Well Maintenance and Drilling Projection shall not become final and binding on the Parties unless and until it is approved by the Intercreditor Agent (in consultation with the Senior Lenders' Reserve Consultant) (such approval not to be unreasonably withheld or delayed) or otherwise in accordance with paragraph (c) below.
- (c) If, for any reason, a Well Maintenance and Drilling Projection has not been approved in writing by the Intercreditor Agent prior to the beginning of its period, then:
- (i) with respect to any period of the Well Maintenance and Drilling Projection which has not been approved by the Intercreditor Agent but which has been approved in a previously-approved Well Maintenance and Drilling Projection, the amount of Well Maintenance and Drilling Expenses for that period shall be that specified for such period in the previously-approved Well Maintenance and Drilling Projection; and
  - (ii) the Intercreditor Agent (in consultation with the Senior Lenders' Reserves Consultant), acting reasonably, shall determine the relevant Well Maintenance and Drilling Projection solely in respect of the period which has not been approved by the Intercreditor Agent.

#### 18.9 Material Agreements

The Borrower or any Borrower Entity shall not enter into:

- (a) any Additional Drilling Contract; or
- (b) any other single contract or agreement or series of contracts or agreements with any person pursuant to which it is or may become liable to make or receive payments or incur liabilities in excess of USD1,000,000 (or its equivalent) in the aggregate,

other than:

- (i) the Transaction Documents entered into on or before the Signing Date;
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- (ii) any contract or agreement which the Borrower or the Borrower Entity is expressly permitted to enter into in accordance with the terms of the Transaction Documents; or
- (iii) as approved in writing by the Intercreditor Agent.

#### 18.10 Project Documents

- (a) The Borrower shall perform in all material respects each of its obligations under each of the Project Documents to which it is a party.
- (b) The Borrower shall take all reasonable action (including enforcement action) to ensure that the obligations of all other parties under the Project Documents to which it is a party are observed and performed.
- (c) The Borrower shall deliver to the Intercreditor Agent promptly, but in no event later than ten (10) Business Days after its receipt thereof, copies of all Project Documents and any additional documents obtained by the Borrower pursuant to Clause 16.3 ( *Compliance with Laws and Governmental Authorisations* ) (including all amendments and renewals therefor) obtained or entered into, or proposed to be obtained or entered into, by it after the date hereof.
- (d) In the event of a breach by the Borrower of any of its obligations under a Project Document, the Borrower shall deliver to the Intercreditor Agent information on a regular basis and otherwise promptly after request by the Intercreditor Agent about all measures taken or intended to be taken by it to remedy the default under the relevant Project Document, or to overcome, or compensate for, its effect.

#### 18.11 Consent to Specified Actions under the Major Project Documents

The Borrower shall not agree, approve or consent to or take any of the following actions under the Major Project Documents without the prior written consent of the Intercreditor Agent:

- (a) with respect to Major Project Documents generally :
    - (i) Dispose of any rights or obligations (including by way of an Security Interest, other than a Permitted Security) under a Major Project Document, or consent to any of the foregoing;
    - (ii) terminate, repudiate or rescind any Major Project Document, or consent to any of the foregoing;
    - (iii) except to the extent expressly provided under paragraphs (b) to (f) (inclusive) below, amend, vary or modify any provision of any Major Project Document, or consent to any of the foregoing;
    - (iv) waive or otherwise relinquish any material right it has under a Major Project Document;
    - (v) agree to any suspension of performance under any Major Project Document, unless approved by the Intercreditor Agent (in consultation with the Senior Lenders' Technical Advisor), provided that, for the avoidance of doubt, this provision shall not apply to any circumstances where the suspension of performance under any Major Project Document is expressly provided for and becomes operative without the agreement of the Borrower; or
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- (vi) except to the extent it is expressly permitted to do so pursuant to Clause 3.14 ( *Insurance Proceeds Account* ) of the Accounts Agreement, agree to or permit any Restoration of all or a material part of the Plant;

(b) with respect to the Construction and Drilling Contracts generally :

- (i) agree to, approve, authorise or direct any variation or amendment of a Construction and Drilling Contract which would extend the date for achievement of a Project Milestone by the applicable Project Milestone Date;
- (ii) agree, approve or consent to the form of any Construction Bond or the issuing financial institution of any Construction Bond, or permit any cancellation, termination, amendment or release of any Construction Bond, or any change to the issuing financial institution of any Construction Bond;
- (iii) compromise, waive or forgive any liquidated damages payable by any Contractors under a Construction and Drilling Contract;
- (iv) agree to any performance test procedures under the Construction and Drilling Contracts without obtaining the prior written consent of the Intercreditor Agent (acting in consultation with the Senior Lenders' Technical Advisor), which consent must not be unreasonably withheld;
- (v) agree to a reduction of the contract price under any Construction and Drilling Contract by way of set-off to settle any claim against any Contractor, including:

(A) Delay Liquidated Damages; or

(B) Performance Liquidated Damages,

without first obtaining the consent of the Intercreditor Agent. Unless such consent is obtained, the Borrower agrees that it shall require the relevant Contractor, on its behalf, to settle any such claim in cash, and not by way of a reduction in the price under such Construction and Drilling Contract, such amounts to be applied in accordance with the Accounts Agreement;

(c) with respect to the Initial Drilling Contract :

- (i) agree to, approve, authorise or direct any variation or amendment of the Initial Drilling Contract unless it:
  - (A) has been approved in writing by the Intercreditor Agent (in consultation with the Senior Lenders' Reserves Consultant); or
  - (B) does not and could not reasonably be expected to:
    - (1) give rise to an increase of the amount payable by the Borrower under the Initial Drilling Contract by more than:
      - (I) USD2,000,000; or
      - (II) when aggregated with all previous variation orders pursuant to the Initial Drilling Contract, USD5,000,000; or
    - (2) give rise to a Forecast Funding Shortfall;

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- (3) extend the date for completion of drilling operations under the Initial Drilling Contract beyond the applicable Project Milestone Date; or
- (4) materially deviate from the most recent approved Drilling Program;

(d) with respect to each Additional Drilling Contract :

- (i) agree to, approve, authorise or direct any variation or amendment of an Additional Drilling Contract unless it:
  - (A) has been approved in writing by the Intercreditor Agent (in consultation with the Senior Lenders' Reserves Consultant); or
  - (B) does not and could not reasonably be expected to:
    - (1) give rise to an increase of the amount payable by the Borrower under the Additional Drilling Contract by more than:
      - (I) USD1,000,000; or
      - (II) when aggregated with all previous variation orders pursuant to the Additional Drilling Contract, USD5,000,000; or
    - (2) materially deviate from the most recent approved Drilling Program;

(e) with respect to the Power Plant Contracts:

- (i) grant a Power Plant Contractor an extension to the Scheduled Substantial Completion Date of any Generating Unit, whether under Clause 37 of the Power Plant Supply Contract, Clause 38 of the Power Plant Construction Contract or otherwise, if such extension does, or reasonably could be expected to, give rise to a Forecast Funding Shortfall or a failure to reach the Unit COD by the Unit COD Sunset Date for that Generating Unit;
  - (ii) certify or approve the results of any tests related to the issuance of any Certificate of Substantial Completion (as defined in the Power Plant Construction Contract) under the Power Plant Construction Contract;
  - (iii) commence or declare an Interim Operation Period to a Power Plant Contractor;
  - (iv) issue any Certificate of Substantial Completion, Certificate of Unit Final Completion, or Certificate of Final Facility Completion (each as defined in the Power Plant Construction Contract), or commence or notify a Power Plant Contractor of the commencement of an Interim Operation Period under the Power Plant Construction Contract;
  - (v) compromise, waive or forgive any Delay Liquidated Damages or Performance Liquidated Damages required to be paid by a Power Plant Contractor under a Power Plant Contract;
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- (vi) include any item or items in any punch list issued by the Borrower in accordance with a Power Plant Contract to the extent that the value of such item or items exceeds, in the aggregate, USD2,000,000, or if such item has a material adverse impact on safety, compliance with Applicable Law or the reliability of any Generating Unit;
  - (vii) agree to, approve, authorise or direct any variation or amendment of the Minimum Performance Guarantees, the Performance Guarantees, Emission Guarantees (each as defined in the Power Plant Construction Contract) or the guarantees specified in the Schedule of Tests to the Power Plant Construction Contract;
  - (viii) agree to, approve, authorise or direct any variation or amendment of the tests stipulated in the Schedule of Tests to the Power Plant Construction Contract, or any variation or amendment of the testing and commissioning procedures stated in or contemplated by a Power Plant Contract;
  - (ix) agree to, approve, authorise or direct any suspension of the Works under a Power Plant Contract, provided that, for the avoidance of doubt, this provision shall not apply to any circumstances where the suspension of performance is expressly provided for and becomes operative without the agreement of the Borrower;
  - (x) return the Retainage to a Power Plant Contractor at any time earlier than the time required to return the Retainage under the applicable provisions of a Power Plant Contract;
  - (xi) agree to, approve, authorise or direct any other variation or amendment of any Power Plant Contract (including any variation under Clause 37 of the Power Plant Construction Contract or Clause 36 of the Power Plant Supply Contract) unless it:
    - (A) has been approved in writing by the Intercreditor Agent (in consultation with the Senior Lenders' Technical Advisor); or
    - (B) relates to any indexation in connection with Clause 5.1 of the Power Plant Construction Contract or Clause 5.1 of the Power Plant Supply Contract;
    - (C) other than in relation to subparagraph (B) above, does not and could not reasonably be expected to give rise to an increase of the amount payable by the Borrower under any or all of the Power Plant Contracts by more than:
      - (1) USD2,000,000; or
      - (2) when aggregated with all previous variation orders pursuant to the Power Plant Contracts, USD5,000,000;
    - (D) does not and could not reasonably be expected to:
      - (1) give rise to a Forecast Funding Shortfall;
      - (2) extend the Scheduled Substantial Completion Date of any Generating Unit by more than seven (7) days (when aggregated with all other variations or amendments);
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- (3) result in the Unit COD of any Generating Unit extending past the Unit COD Sunset Date of that Generating Unit;
- (4) materially alter the design of the Plant; or
- (5) adversely affect the capability of the Plant to achieve any of the Minimum Performance Guarantees (as defined in the Power Plant Construction Contract and/or the Power Plant Supply Contract), the Performance Guarantees or the Emissions Guarantees (as defined in the Power Plant Construction Contract);

(f) with respect to the ESC:

- (i) approve or consent to any adjustments to the Base Electricity Price or any other adjustments to the payments for Electricity to be made by PLN under the ESC (including to consent to a lump sum payment pursuant to Section 5.7 of the ESC), except where the adjustments are expressly provided for and become operative without the approval or consent of the Borrower;
- (ii) approve or consent to any alternative means of payment and funding pursuant to paragraph 3.4(c)(ii) of Annex 7 of the ESC; or
- (iii) declare an adjusted Unit Rated Capacity to PLN pursuant to Section 5.2 of the ESC.

**18.12 Operation of the Project**

- (a) The Borrower shall take all action and adopt appropriate practices to diligently develop, design, engineer, procure, construct, commission, operate, maintain and repair the Project in a good and workmanlike manner (including the storage of a prudent level of spare parts and the employment of administrative and operational personnel) in order to ensure that the Project is constructed, operated and maintained in all material respects in accordance with Prudent Utility Practices.
- (b) The Borrower shall ensure that the Operator is not replaced as the operator of the Project, unless the Intercreditor Agent has given its prior written consent.

**18.13 Spare Parts and Inventory**

The Borrower shall maintain or cause to be maintained at the Plant at all times an inventory of spare parts and other inventory as required by Prudent Utility Practices.

**18.14 Contract Area**

The Borrower shall not, without the consent of the Intercreditor Agent:

- (a) surrender the whole or any part of the Contract Area; or
- (b) issue a new Confirmation Notice or Development Notice (each as defined in the JOC) to PGE under Articles 4.5 or 4.6 of the JOC.

**18.15 Inspection**

- (a) The Borrower shall permit representatives of the Intercreditor Agent, each Security Agent and each of the Senior Lenders' Advisors during business hours upon reasonable advance notice (and at reasonable frequency) to visit and inspect the Project Site:
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- (i) to examine the Borrower's books of record and account and any documents received by it from other Major Project Parties pursuant to the Project Documents, and to make copies and abstracts therefrom;
  - (ii) to attend any tests conducted at the Project Site under the Construction and Drilling Contracts or the ESC (including any Unit Rated Capacity Test, Annual Unit Rated Capacity Test and any Capacity Verification Test); and
  - (iii) to confer with its principal officers and engineers.
- (b) The Borrower shall co-operate with each such representative, Security Agent and Senior Lenders' Advisor.
- (c) The Borrower shall at all times after the First Drawdown Date provide access to the results of tests conducted under the Construction and Drilling Contracts and/or the ESC, current plans, specifications and manuals (and all supplements thereto) relating to the Project upon reasonable prior notice (and at reasonable frequency) for inspection by the representatives of the Intercreditor Agent, each Security Agent and each of the Senior Lenders' Advisors.
- (d) Upon reasonable request by the Intercreditor Agent, the Borrower agrees to authorise its auditors to discuss its financial condition and its books and records with the Intercreditor Agent and any of their representatives, subject to the condition that the Intercreditor Agent, if required by the Borrower's auditors, signs (for and on behalf of the Senior Finance Parties), a non-reliance letter in a form reasonably required by the Borrower's auditors.

#### **18.16 Force Majeure Events**

If a Force Majeure Event affecting the performance by the Borrower of any of its material obligations under the Major Project Documents occurs and has persisted for seven (7) or more days or is reasonably expected to persist for seven (7) or more days, then the Borrower must:

- (a) notify the Intercreditor Agent of at least one course of action available to the Borrower and which the Borrower proposes to implement in order to cause the Force Majeure Event to be overcome or mitigated as soon as reasonably possible;
- (b) diligently implement such course(s) of action and in doing so take into account all reasonable proposals of the Intercreditor Agent to overcome or mitigate the Force Majeure Event; and
- (c) deliver to the Intercreditor Agent information on a regular basis and otherwise promptly after request by the Intercreditor Agent about all measures taken or intended to be taken by it or (to the extent it is aware of such measures) any other person to overcome or mitigate the effect of the Force Majeure Event.

#### **18.17 Operations and Maintenance**

- (a) The Borrower shall, at any time after the Lenders' Completion Date but not less than twelve (12) months before the then applicable Technical Support Agreements Termination Date, notify the Intercreditor Agent as to whether the Borrower proposes to:
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- (i) extend the termination date for the NAES Technical Support Agreement and the WestJEC Technical Support Agreement and if so, the new termination date and any proposed amendments to the terms of the NAES Technical Support Agreement or the WestJEC Technical Support Agreement; or
  - (ii) allow the NAES Technical Support Agreement or the WestJEC Technical Support Agreement (or both) to terminate on the then applicable Technical Support Agreements Termination Date.
- (b) If the Borrower delivers a notice pursuant to paragraph (a)(ii) above:
  - (i) the Borrower must attach to the notice a detailed narrative describing the Borrower's proposed arrangements for the operation and maintenance of the Plant (which may comprise the operation and maintenance of the Plant by the Operator); and
  - (ii) the Borrower and the Intercreditor Agent shall, for a period of not more than one hundred and twenty (120) days after the date on which the Borrower delivers the notice, consult with each other with a view to agreeing the basis (including with respect to staffing and any necessary contractual arrangements for technical support) on which the Borrower's proposed arrangements for the operation and maintenance of the Plant shall be implemented, and the Borrower shall deliver to the Intercreditor Agent all further information with respect to the Borrower's proposed arrangements for the operation and maintenance of the Plant as the Intercreditor Agent may from time to time reasonably require.

#### **18.18 Operations Committee and Operating Procedures**

- (a) The Borrower must:
    - (i) ensure that it, PLN and PGE agree the Operations Committee Procedures not later than twelve (12) calendar months after the First Drawdown Date in a form approved by the Intercreditor Agent (such approval not to be unreasonably withheld or delayed);
    - (ii) notify the Intercreditor Agent of any material breach by the Borrower, PLN or PGE (or any of their representatives on the Operations Committee) of the Operations Committee Procedures;
    - (iii) not agree to any termination, material amendment, or replacement of the Operations Committee Procedures without the prior written consent of the Intercreditor Agent (such consent not to be unreasonably withheld or delayed); and
    - (iv) deliver to the Intercreditor Agent a copy of any material amendment to, or replacement of, the Operations Committee Procedures.
  - (b) The Borrower must, not less than three (3) months before the Unit COD of the First Generating Unit, deliver to the Intercreditor Agent for its approval (such approval not to be unreasonably withheld or delayed) a copy of the operating procedures with respect to the operation of the Plant approved by the Operations Committee.
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**18.19 PGE Power of Attorney**

The Borrower must deliver to the Intercreditor Agent promptly after the First Drawdown Date a copy of the signed power of attorney granted by PGE to the Operator pursuant to Article 10.2 of the JOC.

**18.20 Medco Technical Support Agreement**

The Borrower must deliver to the Intercreditor Agent not less than sixty (60) days before the Unit COD of the First Generating Unit:

- (a) a certified copy of the Medco Technical Support Agreement duly executed by the parties thereto, together with capacity and enforceability legal opinions in form and substance satisfactory to the Intercreditor Agent; and
- (b) an original of the Direct Agreement with respect to the Medco Technical Support Agreement duly executed by Medco, together with a capacity and enforceability legal opinion in form and substance satisfactory to the Intercreditor Agent.

**18.21 Land**

The Borrower must deliver to the Intercreditor Agent not later than the Conditions Subsequent Cut-Off Date each of the following:

- (a) all HGB Certificates (not already delivered to the Intercreditor Agent) for all land required by the Borrower for implementation of the Project (other than the Special Facilities Land) which shall show that PGE is the registered owner of such land;
- (b) all HGB Certificates (not already delivered to the Intercreditor Agent) for the Special Facilities Land which shall show that PLN is the registered owner of such land; and
- (c) documentary evidence that PLN is the holder of the Special Facilities ROWs in a form and substance satisfactory to the Intercreditor Agent.

**18.22 Material Governmental Authorisations**

- (a) The Borrower shall ensure that, not later than the date which is:
    - (i) one (1) Business Day after the First Drawdown Date, a duly completed application is lodged for the issuance to PGE of a permanent Electricity Business Licence ( *Izin Usaha Penyediaan Tenaga Listrik* or IUPTL) with respect to the Project; and
    - (ii) the Conditions Subsequent Cut-Off Date, PGE obtains an Electricity Business Licence ( *Izin Usaha Penyediaan Tenaga Listrik* or IUPTL) with respect to the Project which is for a term that extends beyond the Final Maturity Date and which is otherwise in form and substance reasonably satisfactory to the Intercreditor Agent.
  - (b) The Borrower shall ensure that the Material Governmental Authorisations specified in Part B of Schedule 6 ( *Material Governmental Authorisations* ) are obtained and are in full force and effect not later than the Conditions Subsequent Cut-off Date.
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## **19. ENVIRONMENTAL AND SOCIAL UNDERTAKINGS**

### **19.1 Safeguards and Social Provisions**

The Borrower must comply in all material respects with all Safeguards and Social Provisions in conducting the Project.

### **19.2 Conduct of Project**

The Borrower must ensure that:

- (a) the implementation of the Project, including all work undertaken by the Contractors and the Technical Support Agreement Providers, complies in all material respects with the Safeguards and Social Provisions;
- (b) the Safeguards and Social Documents (other than the ESIA) are consistent with, and the Safeguards and Social Documents to be developed after the Signing Date will be developed with due regard to, the findings, reports and recommendations contained in the ESIA and any subsequent assessments; and
- (c) the Safeguards and Social Documents are updated, in a manner reasonably satisfactory to the Senior Lenders' Environmental and Social Consultant, to reflect and address any changes to the Safeguards and Social Provisions after the Signing Date.

### **19.3 Major Project Parties**

The Borrower will procure that:

- (a) each of the Contractors and the Technical Support Agreement Providers discharges its obligations under each Major Project Document to which it is a party in a manner which complies in all material respects with the Safeguards Requirements; and
- (b) in discharging its obligations under each Major Project Document to which it is a party, none of the Contractors or Technical Support Agreement Providers, by act or omission, causes any breach of the Safeguards Requirements in any material respect.

### **19.4 Safeguards and Social Documents**

The Borrower must not amend or waive, or agree to vary, amend or waive, the Safeguards and Social Documents, except to the extent required by Applicable Law or with the consent of the Intercreditor Agent.

### **19.5 Safeguards and Social Monitoring**

- (a) The Borrower must deliver to the Intercreditor Agent and the Senior Lenders' Environmental and Social Consultant the information required under paragraph (b) below:
    - (i) as part of each monthly Construction and Drilling Progress Report, until the Lenders' Completion Date; and
    - (ii) thereafter, as part of each Operation Report.
  - (b) As part of each Construction and Drilling Progress Report and Operation Report delivered for the relevant period ending in March and September in each calendar year, the following environmental and social information for the period from the date after the end of the reporting period in the previous Construction and Drilling Progress Report or Operation Report, as applicable, to the start of the reporting period of the current report must be provided by the Borrower:
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- (i) an update on aggregate expenditure on environmental and social related items to the extent such expenditures are material and are not included in the most recent approved Project Budget or the most recent approved Operating Plan and Budget;
- (ii) details of significant environmental and social activities including major projects commenced, completed, delayed, rescheduled or altered including:
  - (A) an update on the development and implementation of the ESMS as a whole, the ESMP as a whole, and each of the constituent plans that make up the ESMP;
  - (B) an update on the development and implementation of all Corrective Action Plans;
- (iii) a detailed explanation of any occurrence the Borrower reasonably considers is, or is likely to result in Safeguards and Social Non-compliance, including remedial actions proposed by the Borrower; and
- (iv) details of any material litigation by any Governmental Authority or third party regarding environmental or social matters;
- (c) In addition, the Borrower must provide reasonable assistance to the Senior Lenders' Environmental and Social Consultant in preparing the verification, audit and commentary on each part of a Construction and Drilling Progress Report or Operation Report dealing with environmental and social matters, as the case may be, in accordance with the Senior Lenders' Environmental and Social Consultant's mandate.
- (d) The Borrower shall deliver to the Intercreditor Agent a Safeguards and Social Monitoring Report at the times and in accordance with all other requirements of the Safeguards and Social Provisions.
- (e) The Borrower shall promptly notify the Intercreditor Agent if any unanticipated environmental and/or social impacts arise during the implementation of the Project that were not considered in the ESIA providing detailed information and proposals to address the same.
- (f) The Intercreditor Agent shall request the Senior Lenders' Environmental and Social Consultant to review and report on the information provided pursuant to paragraph (a) above, the Safeguards and Social Monitoring Report and each other report produced pursuant to this Clause 19 ( *Environmental and Social Undertakings* ), and in each case, on any other matters which arise out of its review thereof.

#### 19.6 Assistance for Safeguards and Social Monitoring

- (a) Without limiting Clause 18.15 ( *Inspection* ), the Borrower shall procure that, promptly upon the request of the Intercreditor Agent, the Senior Lenders' Environmental and Social Consultant shall be given access to the Project Site and to such premises, technical and statistical data, books, records and other data as may be required by the Intercreditor Agent to monitor compliance with the Safeguards and Social Provisions and investigate the matters described in this Clause 19 ( *Environmental and Social Undertakings* ) (including all reports submitted by a Contractor or a Technical Support Agreement Provider relating to environmental and social matters), provided that the Intercreditor Agent shall ensure that such access rights are exercised at reasonable times of the day and on reasonable notice to the Borrower.
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- (b) The Borrower shall facilitate the carrying out of any monitoring / verification activities by or on behalf of Senior Finance Parties and, if required under the Safeguards Requirements, by any independent advisory panel or other external experts engaged to verify monitoring information.

#### 19.7 **Safeguards and Social Claims**

- (a) Without prejudice to any indemnity included in any Senior Finance Documents, the Borrower shall provide the Intercreditor Agent with such assistance (including providing information) as it may reasonably request from time to time in order to respond to any correspondence or enquiry received by the Intercreditor Agent from any third party, and/or any statements made by any third party, in either case, relating to any of the environmental, health and safety, labour, resettlement and/or indigenous peoples aspects of the Project, including:
    - (i) any Safeguards and Social Claim against the Borrower, any Contractor or the Technical Support Agreement Providers which is current, or to its knowledge, pending or threatened of which it becomes aware;
    - (ii) any occurrences of Safeguards and Social Non-compliance and any grievance or claim that the Borrower reasonably considers may indicate, or result in, an occurrence of Safeguards and Social Non-compliance, and
    - (iii) any other grievance or claim by a party which may prejudice the business, operations, financial or reputational standing of any Senior Finance Party.
  - (b) The Borrower shall send to the Intercreditor Agent a copy of any written communication sent to or received from any relevant Governmental Authority regarding the Project's compliance or (if applicable) non-compliance with the Safeguards and Social Provisions as soon as possible and in any event within five (5) Business Days after the Borrower sends or receives the same.
  - (c) The Borrower shall send to the Intercreditor Agent written details of any current, threatened or pending Safeguards and Social Claim as soon as possible and in any event within five (5) Business Days upon the Borrower becoming aware of the same, and shall send to the Intercreditor Agent written details of its proposed response to that Safeguards and Social Claim as soon as possible and in any event within five (5) Business Days upon the Borrower becoming aware of the relevant Safeguards and Social Claim.
  - (d) In response to any Environmental or Social Claim notified to the Intercreditor Agent, pursuant to paragraph (a) above, the Borrower must consult and cooperate with the Intercreditor Agent and the Senior Lenders' Environmental and Social Consultant in determining the manner in which the Safeguards and Social Claim may be resolved, addressed or mitigated.
  - (e) The Borrower must deliver to the Intercreditor Agent, within five (5) Business Days after receipt of any material report, notice or claim delivered under, or prepared in accordance with, any Safeguards Requirement, a copy of such report, notice or claim.
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## 19.8 **Safeguards and Social Reporting Event**

- (a) In the event of a Significant Safeguards and Social Reporting Event the Borrower shall:
  - (i) notify Intercreditor Agent promptly and in any event within twenty four (24) hours of its occurrence;
  - (ii) undertake such emergency actions (if any) as are appropriate in response to the Significant Safeguards and Social Reporting Event and notify the Intercreditor Agent of such emergency actions as soon as possible;
  - (iii) undertake all other actions (if any) as are required to be implemented without delay to remedy or mitigate the effects of the Significant Safeguards and Social Reporting Event, obtaining Intercreditor Agent's agreement to such actions whenever reasonably practicable to obtain the same within the time available; and
  - (iv) as soon as is reasonably practicable, provide the Intercreditor Agent with a proposed Corrective Action Plan in relation to all remaining corrective measures required in relation to the Significant Safeguards and Social Reporting Event.
- (b) In the event of the occurrence of a Safeguards and Social Non-Compliance which does not comprise a Significant Safeguards and Social Reporting Event, the Borrower shall:
  - (i) notify the Intercreditor Agent promptly and in any event within five (5) Business Days of its occurrence;
  - (ii) provide the Intercreditor Agent with written details of such Safeguards and Social Non-Compliance, including a reasonably detailed description of the relevant event, circumstance or occurrence and the extent, magnitude, impact and cause of that event as soon as possible and in any event within fifteen (15) Business Days of its occurrence (or such longer periods as may be agreed by the Intercreditor Agent); and
  - (iii) provide the Intercreditor Agent with the Borrower's proposed Corrective Action Plan in respect of such Safeguards and Social Non-Compliance as soon as possible and in any event within twenty (20) Business Days of its occurrence (or such longer period as may be agreed by the Intercreditor Agent).
- (c) The Intercreditor Agent may from time to time request that the Senior Lenders' Environmental and Social Consultant produce an independent report on any environmental and social matters which the Intercreditor Agent reasonably determines to be material to the Project, provided that the Intercreditor Agent shall be deemed to have reasonable grounds to request such a report.

## 19.9 **Corrective Action Plans**

- (a) If the Borrower is required at any time to prepare a Corrective Action Plan, the Borrower shall promptly do so and shall:
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- (i) promptly provide the Intercreditor Agent with all such further information and assistance as the Intercreditor Agent requires to facilitate agreement of each Corrective Action Plan;
  - (ii) procure that each Corrective Action Plan (approved by the Intercreditor Agent) is implemented expeditiously in accordance with the terms thereof;
  - (iii) not proceed with implementing the specific components for which involuntary resettlement impacts are identified until the Corrective Action Plan has been approved by the Intercreditor Agent;
  - (iv) promptly provide the Intercreditor Agent with such information and monitoring reports as may be specified in the Corrective Action Plan or as requested by the Intercreditor Agent from time to time to confirm the status of the implementation of any such Corrective Action Plan; and
  - (v) provide to the Intercreditor Agent as soon as possible and in any event within five (5) Business Days after any date specified in the approved Corrective Action Plan as being the date by which the relevant event, circumstance or occurrence will be remedied, a notice which either confirms that the relevant remedial action has been completed or which provides details of the reasons why such remedial action has not been completed and the proposed steps being taken to remedy the relevant event, circumstance or occurrence.
- (b) A Senior Finance Party's (including the Intercreditor Agent's approval of a Corrective Action Plan) shall not constitute an express or implied waiver by any Senior Finance Party of any rights that a Senior Finance Party may have as a result of any Safeguards and Social Non-Compliance which the relevant Corrective Action Plan is required to remedy.

#### **19.10 Environmental and Social Management System**

- (a) Without limiting the requirements of the ESIA, the Borrower shall ensure that all aspects of the Environmental and Social Management System for the operation phase of the Project have been implemented on or before the Unit COD of the First Generating Unit or, if any aspect has not been implemented, all arrangements necessary (in the opinion of the Intercreditor Agent (acting in consultation with the Senior Lenders' Environmental Consultant)) for such timely implementation have been made through the Environmental and Social Action Plan.
- (b) The Borrower shall provide a report to the Intercreditor Agent and the Senior Lenders' Environmental Consultant at least sixty (60) days prior to the Unit COD of the First Generating Unit, describing how it has implemented or proposes to implement the Environmental and Social Management System during the operation phase of the Project.

### **20. PROJECT INSURANCE**

#### **20.1 General obligations**

- (a) The Borrower shall, without cost to the Senior Secured Parties, take out and maintain at all times such insurances and reinsurances as specified in this Clause 20 ( *Project Insurance* ) and Schedule 7 ( *Project Insurances* ).
  - (b) The insurance (and reinsurance) required by this Clause 20 ( *Project Insurance* ) and Schedule 7 ( *Project Insurances* ) shall be:
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- (i) provided by insurers licensed to provide the relevant insurance or reinsurance under Applicable Law;
  - (ii) calculated to cover the Project, the Project Assets and the PGE Assets to their full replacement value, with an option in the case of the terrorism insurance coverage described in item 1.3 of Part C ( *Construction and Operational Phase Insurances* ) of Schedule 7 ( *Project Insurances* ), to use an agreed first loss figure based upon the probable maximum loss of the Project (subject to and to take effect after submission of a full probable maximum loss report by qualified surveyors in form and substance satisfactory to the Intercreditor Agent (in consultation with the Senior Lenders' Insurance Consultant));
  - (iii) increased from time to time as necessary to maintain such full replacement value; and
  - (iv) the reinsurance policies shall be governed by English law.
- (c) Without limiting the requirements of this Clause 20 ( *Project Insurance* ), at all times the Borrower shall:
- (i) obtain and maintain in full force those insurances (other than the Project Insurances) that it is required to obtain under the terms of any Transaction Document to which it is a party;
  - (ii) obtain and maintain in full force those insurances (other than the Project Insurances) that it is required to obtain under any Applicable Law, including insurance under any workers' compensation laws (where any conflict between the requirements hereunder and such Applicable Law shall be resolved in favour of the Applicable Law);
  - (iii) obtain and maintain in full force those insurances (other than the Project Insurances) that it is required to obtain under the terms of any other contract to which it is a party where failure to do so would have or would reasonably be likely to have a Material Adverse Effect in the opinion of the Intercreditor Agent; and
  - (iv) obtain and maintain, and cause each Contractor and each Technical Support Agreement Provider to obtain and maintain, such insurance (other than the Project Insurance) as is required under the terms of each Technical Support Agreement and Construction and Drilling Contracts.
- (d) The Borrower shall:
- (i) maintain or cause to be maintained reinsurance for at least ninety five per cent. (95%) of the direct insurance required to be subject to an assignment, mortgage or other form of Security Interest under paragraph (f)(iii) below, with:
    - (A) underwriters or insurance companies (including reinsurance companies) located outside of Indonesia who have a Required Credit Rating; or
    - (B) such other underwriters or insurance companies (including reinsurance companies) as are, from time to time, acceptable to the Intercreditor Agent acting with the advice of the Senior Lenders' Insurance Consultant; and
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- (ii) if required by the Intercreditor Agent, demonstrate to the Intercreditor Agent that it has complied with all Applicable Laws of Indonesia and/or otherwise obtained the necessary dispensation from the appropriate Governmental Authorities in Indonesia which are required for the Borrower to comply with this paragraph (d).
  - (e) The Borrower shall:
    - (i) duly and punctually pay, when due or prior to the expiration of any grace period allotted in connection with such payment, all premiums, commissions, taxes, charges and other costs necessary for effecting and maintaining any Project Insurance issued in its name;
    - (ii) not do anything which may in any way materially prejudice its rights or those of any of the Senior Secured Parties under any Project Insurance issued in its name; and
    - (iii) promptly do all things commercially reasonable to make any claim or recover money under any of the Project Insurances to which the Borrower is entitled.
  - (f) The Borrower shall procure, with respect to each insurance and reinsurance contract procured by it pursuant to this Clause 20 ( *Project Insurance* ) and Schedule 7 ( *Project Insurances* ), that:
    - (i) the Borrower is named as the “Principal Insured” (as described in Part A, Part B and Part C of Schedule 7 ( *Project Insurances* )) under the policy;
    - (ii) each Senior Secured Party is named as an “Additional Insured” (as described in Part A, Part B and Part C of Schedule 7 ( *Project Insurances* )), except for “Workmen’s Compensation” or “Employer’s Liability” (in both cases as listed in item 1.6 of Part A and in item 1.4 of Part B of Schedule 7 ( *Project Insurances* ));
    - (iii) each insurance policy (other than motor vehicle and “Workmen’s Compensation” or “Employer’s Liability”, as listed in Part A and Part B of Schedule 7 ( *Project Insurances* )) is subject to an assignment, mortgage or other form of Security Interest acceptable to the Intercreditor Agent of such insurances and reasonable endeavours are taken to procure that an acknowledgement of such assignment or other Security Interest is received from each insurer;
    - (iv) each reinsurance contract is subject to an assignment or other form of Security Interest acceptable to the Intercreditor Agent of reinsurances and best efforts are taken to procure that an acknowledgement of such assignment or other Security Interest is received from each reinsurer;
    - (v) no insurance policy or reinsurance contract shall be subject to any coverage exclusion or exception except:
      - (A) as specified in Part A, Part B and Part C of Schedule 7 ( *Project Insurances* );
      - (B) in the event such exclusion or exception is a necessary standard exclusion or exception within the insurance industry for the type or size of risk covered by the relevant insurance; or
      - (C) as otherwise approved in writing by the Intercreditor Agent following consultation with the Senior Lenders’ Insurance Consultant; and
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- (vi) each insurance policy and reinsurance contract contains the endorsements and acknowledgements as required under Part D of Schedule 7 ( *Project Insurances* ).
- (g) Without limiting the other requirements of this Clause 20 ( *Project Insurance* ), the Borrower shall obtain and maintain any insurances in addition to or supplementing those required by this Clause 20 ( *Project Insurance* ) that:
  - (i) are recommended by the Senior Lenders' Insurance Consultant (following consultation with the Borrower);
  - (ii) are available on commercially reasonable terms; and
  - (iii) are consistent with Prudent Utility Practice.
- (h) The Borrower shall take such action as is available to it to ensure that payments under each insurance policy and reinsurance contract issued in its name are made in accordance with the relevant "Loss Payee" clause (as described in Part A, Part B and Part C of Schedule 7 ( *Project Insurances* )) and the Accounts Agreement.

## 20.2 Information

- (a) The Borrower shall provide, at least forty five (45) days prior to the renewal of any Project Insurances, evidence of the renewal of such Project Insurance and procure that the Senior Lenders' Insurance Consultant provides, thirty (30) days following the renewal of such Project Insurances, to the Intercreditor Agent a report setting out:
    - (i) any material changes to the Project Insurances since the last such report and confirming that the Project Insurances continue to satisfy the criteria set out in Schedule 7 ( *Project Insurances* );
    - (ii) any material claims made under the Project Insurances during such calendar year;
    - (iii) the status of all material outstanding claims;
    - (iv) any changes in the global insurance market or in the Indonesian insurance market materially affecting the availability and/or cost of any insurance coverage required to be obtained under the Senior Finance Documents;
    - (v) any effect or likely effect of material events, circumstances or conditions occurring at or affecting the Project on the availability and/or cost of any Project Insurances required to be obtained under the Senior Finance Documents; and
    - (vi) whether the premiums for all Project Insurances then due and payable by the Borrower have been paid.
  - (b) The Borrower shall deliver to the Intercreditor Agent as and when requested:
    - (i) a certified copy of each policy of insurance in respect of the Project Insurances;
    - (ii) certified copies of all renewals, certificates, endorsement slips and receipts for payment of premiums and other monies for each policy of insurance in respect of the Project Insurances; and
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- (iii) certified copies of all stamped and signed placement slips for each reinsurance contract.
- (c) The Borrower shall notify the Intercreditor Agent as soon as it becomes aware of:
  - (i) the occurrence of any event which may give rise to a claim in excess of USD 1,000,000 under any Project Insurance;
  - (ii) any claim in excess of USD1,000,000 which the Borrower makes under any Project Insurance;
  - (iii) any determination by an insurer in relation to a claim under any Project Insurance consequent upon paragraph (i) or (ii) above;
  - (iv) any proposed amendment to or variation of any Project Insurance which is material or not compliant with the requirements of this Clause 20 ( *Project Insurance* ) or Schedule 7 ( *Project Insurances* ); and
  - (v) any other event which may have a materially adverse effect on any Project Insurance.
- (d) If the Borrower notifies the Intercreditor Agent that an insurance policy (or any relevant terms thereof) forming part of the required insurances under this Clause 20 ( *Project Insurance* ) and/or Schedule 7 ( *Project Insurances* ):
  - (i) is not available on commercially reasonable terms as a result of a lack of capacity in the international insurance markets; or
  - (ii) has increased materially in cost and has become unreasonably expensive with regard to the risk being covered and the interests of the Senior Secured Parties,then the following provisions shall apply:
  - (A) the Borrower, the Senior Lenders' Insurance Consultant and the Intercreditor Agent shall meet and discuss in good faith what, if any, changes should be made to the relevant insurance requirements to take account of the relevant circumstances;
  - (B) for so long as the circumstances set out in paragraph (i) or (ii) above continue, the Borrower shall be entitled to modify the relevant insurance requirements only if and to the extent approved by the Intercreditor Agent (acting in consultation with the Senior Lenders' Insurance Consultant); and
  - (C) if circumstances change following such events, and the conditions in paragraph (i) or (ii) above cease to be in effect, then the Borrower shall promptly restore the insurances under this Clause 20 ( *Project Insurance* ) and/or Schedule 7 ( *Project Insurances* ).

## 21. EVENTS OF DEFAULT

Each of the events set out in Clauses 21.1 ( *Non-Payment* ) to 21.25 ( *JBIC Covered Event* ) is an Event of Default (whether or not caused by any reason whatsoever outside the control of the Borrower or any other person).

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## 21.1 Non-Payment

The Borrower does not pay on its due date any amount payable under a Senior Finance Document unless any such failure is due solely to a technical or administrative error in the banking system used for the transfer of funds and payment is not made within three (3) Business Day after the due date.

## 21.2 Breach of Other Obligations

- (a) The Borrower does not comply with its obligations under Clauses 15.8(a) ( *Notices* ), 16.1(a) ( *General Corporate* ), 16.2 ( *Ranking of Obligations* ), 16.6 ( *Scope of Business* ), 16.7 ( *Maintenance of Title and Security Interests* ), 16.11 ( *Acquisitions and Investments* ), 16.12 ( *Bank Accounts and Payments* ), 16.15 ( *Settlements* ), 16.17 ( *Use of Proceeds* ), 18.11 ( *Consent to Specified Actions under the Major Project Documents* ), 18.21 ( *Land* ) or 18.22 ( *Material Governmental Authorisations* ).
- (b) Subject to paragraph (c) below, the Borrower does not comply with its obligations under the Senior Finance Documents to which it is a party (other than any obligation referred to in paragraph (a) above and in any other paragraph in this Clause 21 ( *Events of Default* )).
- (c) No Event of Default under paragraph (b) above shall occur if:
  - (i) in the reasonable judgment of the Intercreditor Agent, the relevant breach is capable of remedy within a period of thirty (30) days after the earlier of the date on which:
    - (A) the Intercreditor Agent notifies the Borrower of such breach; and
    - (B) the Borrower has or should have become aware of such breach;
  - (ii) the Borrower is, at all times during such thirty (30) day period, using its best endeavours to diligently pursue such remedy; and
  - (iii) such breach is, in fact, remedied to the satisfaction of the Intercreditor Agent within such thirty (30) day period,

provided that, if the breach is not remedied within such 30 day period, no Event of Default under paragraph (b) above shall occur if:

- (A) the Intercreditor Agent notifies the Borrower in writing at or before the end of such thirty (30) day period that it is satisfied (based on a report delivered by the Borrower to the Intercreditor Agent detailing its plan to remedy the breach) that the breach is likely to be remedied within an additional thirty (30) day period and that such breach does not have a Material Adverse Effect;
  - (B) the Borrower is, at all times during such additional thirty (30) day period, using its best endeavours to diligently pursue such remedy; and
  - (C) such breach is in fact remedied to the satisfaction of the Intercreditor Agent within such additional 30 day period.
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### 21.3 Debt Service Coverage Ratio

On any Calculation Date, the Historic Debt Service Coverage Ratio for that Calculation Date for the Calculation Period ending on (and including) that Calculation Date is less than 1.05:1.

### 21.4 Misrepresentation

- (a) Subject to paragraph (b) below and other than as provided in Clauses 21.18 ( *Business Practices* ) and 21.19(a) ( *Environmental and Social Provisions* ), a representation, warranty or statement made or deemed to be made or repeated by the Borrower, any Equity Party or any Major Project Party in any Transaction Document or in any document delivered by or on behalf of the Borrower or any Equity Party or any Major Project Party under any Transaction Document is incorrect or misleading in any material respect when made or deemed to be made or repeated.
- (b) No Event of Default will occur under paragraph (a) above if:
  - (i) in the reasonable judgment of the Intercreditor Agent, the events or circumstances giving rise to such representation, warranty or statement being incorrect or misleading can be eliminated or otherwise remedied to the satisfaction of the Intercreditor Agent within thirty (30) days after the earlier of the date on which:
    - (A) the Intercreditor Agent notifies the Borrower that such representation, warranty or statement is incorrect or misleading; and
    - (B) the Borrower has or should have become aware that such representation, warranty or statement was incorrect or misleading;
  - (ii) the Borrower or the Equity Party or the Major Project Party (as the case may be) is, at all times during such thirty (30) day period, using its best endeavours to diligently seek to eliminate or otherwise remedy the events or circumstances giving rise to such representation, warranty or statement being incorrect or misleading; and
  - (iii) the incorrect or misleading representation, warranty or statement is, in fact, eliminated or otherwise remedied to the satisfaction of the Intercreditor Agent within such thirty (30) day period.

### 21.5 Equity Party Obligations

- (a) An Equity Party does not comply with any of its obligations (other than any obligation referred to in paragraph (b) below or any other paragraph in this Clause 21 ( *Events of Default* )) under any provision set out in the Equity Support Deeds or any other Senior Finance Document to which it is a party.
  - (b) Subject to paragraph (c) below, an Equity Party does not comply with any of its obligations under Clauses 10.3 ( *Governmental Authorisations* ), 10.4 ( *Compliance with Applicable Law* ), 10.5 ( *Taxes* ), 10.6 ( *Financial statements* ) or 10.11 ( *Verification of interests* ) of the Equity Support Deed.
  - (c) No Event of Default under paragraph (b) above shall occur if:
    - (i) in the reasonable judgment of the Intercreditor Agent, the relevant breach is capable of remedy within a period of thirty (30) days after the earlier of the date on which:
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- (A) the Intercreditor Agent notifies the Borrower of such breach; and
- (B) the Borrower or the relevant Equity Party has or should have become aware of such breach;
- (ii) the relevant Equity Party is, at all times during such thirty (30) day period, using its best endeavours to diligently pursue such remedy; and
- (iii) such breach is, in fact, remedied to the satisfaction of the Intercreditor Agent within such thirty (30) day period.
- (d) Any Equity Party which grants any Transaction Security creates, incurs, assumes or permits to exist, or agrees to any of the foregoing, any Security Interest with respect to the assets the subject of such Transaction Security, other than pursuant to the Security Documents.

#### 21.6 **Cross-Default**

- (a) Any Financial Indebtedness of a Borrower Entity (other than under the Senior Finance Documents) in an amount exceeding USD50,000 (or its equivalent) is not paid when due and is not otherwise remedied within any originally specified applicable grace period.
  - (b) PLN fails to meet any payment obligations:
    - (i) incurred under the ESC or the PLN Support Letter; or
    - (ii) in an aggregate amount exceeding USD50,000,000 (or its equivalent) in any calendar year in respect of any amounts owing under two or more power purchase agreement entered into in connection with any majority foreign-invested independent power project financed on a limited recourse basis and located in Indonesia;

unless in each case such payment is made within any originally specified applicable grace period .
  - (c) Any Financial Indebtedness of:
    - (i) any Equity Party (other than a Sponsor, the Kyushu Shareholder and the Ormat HoldCo) in an amount exceeding USD50,000 (or its equivalent) is not paid when due and is not otherwise remedied by the relevant Equity Party within any originally specified applicable grace period;
    - (ii) the Kyushu Shareholder, in an amount exceeding USD5,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by the Kyushu Shareholder within any originally specified applicable grace period;
    - (iii) the Ormat HoldCo, in an amount exceeding USD10,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by the Ormat HoldCo within any originally specified applicable grace period;
    - (iv) Medco, in an amount exceeding USD5,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by Medco within any originally specified applicable grace period;
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- (v) Itochu, in an amount exceeding USD50,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by Itochu within any originally specified applicable grace period;
- (vi) Kyushu, in an amount exceeding USD50,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by Kyushu within any originally specified applicable grace period;
- (vii) Ormat, in an amount exceeding USD15,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by Ormat within any originally specified applicable grace period;
- (viii) PLN in an amount exceeding USD25,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by PLN within any originally specified applicable grace period;
- (ix) PGE in an amount exceeding USD10,000,000 (or its equivalent) is not paid when due and is not otherwise remedied by PGE within any originally specified applicable grace period;
- (x) the Power Plant Supply Contractor (for so long as it is a Major Project Party) in an amount exceeding USD50,000,000 is not paid when due and is not otherwise remedied by the Power Plant Supply Contractor within any originally specified applicable grace period; or
- (xi) the Initial Drilling Contractor (for so long as it is a Major Project Party) in an amount exceeding USD25,000,000 is not paid when due and is not otherwise remedied by the Initial Drilling Contractor within any originally specified applicable grace period.

#### 21.7 **Insolvency**

- (a) Subject to paragraph (c) below, a Borrower Entity or Major Project Party (for so long as it is a Major Project Party):
    - (i) issues or commences any Insolvency Proceeding with respect to itself;
    - (ii) consents to the issuance or commencement of any Insolvency Proceeding against it;
    - (iii) is unable to, or is deemed by law to be unable to, or admits in writing its inability to, pay its debts generally as they fall due; or
    - (iv) suffers any event which, under any Applicable Law, would have an effect analogous to the events described in paragraphs (i) to (iii) above.
  - (b) Subject to paragraph (c) below, any involuntary Insolvency Proceeding has been issued or commenced against any Borrower Entity or Major Project Party (for so long as it is a Major Project Party) and:
    - (i) the Insolvency Proceeding is not contested within fifteen (15) days of its filing; or
    - (ii) the Insolvency Proceeding is not dismissed within thirty (30) days after its commencement.
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- (c) It will not be an Event of Default under paragraphs (a) or (b) above with respect to the Trust Account Trustee, the Trust Account Bank, an Additional Drilling Contractor, a Technical Support Agreement Provider or a provider of a guarantee or performance security (as referred to in paragraph (f)(vi) of the definition of “Major Project Parties” in Clause 1.1 ( *Definitions* )) if substitute arrangements satisfactory to the Intercreditor Agent are put in place within thirty (30) days after the date on which an Event of Default would, but for this paragraph (c), have occurred.

## 21.8 Judgments

- (a) A final judgment or judgments of a court shall be entered against:
- (i) a Borrower Entity, in an aggregate amount exceeding USD50,000 (or its equivalent);
  - (ii) any Equity Party (other than a Sponsor, the Kyushu Shareholder and the Ormat HoldCo), in an aggregate amount exceeding USD50,000 (or its equivalent);
  - (iii) the Kyushu Shareholder, in an aggregate amount exceeding USD5,000,000 (or its equivalent);
  - (iv) the Ormat HoldCo, in an aggregate amount exceeding USD10,000,000 (or its equivalent);
  - (v) Medco, in an aggregate amount exceeding USD5,000,000 (or its equivalent);
  - (vi) Itochu, in an aggregate amount exceeding USD50,000,000 (or its equivalent);
  - (vii) Kyushu, in an aggregate amount exceeding USD50,000,000 (or its equivalent);
  - (viii) Ormat, in an aggregate amount exceeding USD15,000,000 (or its equivalent);
  - (ix) PLN, in an aggregate amount of more than USD25,000,000 (or its equivalent);
  - (x) PGE, in an aggregate amount of more than USD10,000,000 (or its equivalent);
  - (xi) the Power Plant Supply Contractor (for so long as it is a Major Project Party), in an aggregate amount of more than USD50,000,000 (or its equivalent); or
  - (xii) the Initial Drilling Contractor (for so long as it is a Major Project Party), in an aggregate amount of more than USD25,000,000 (or its equivalent).
- (b) Any injunction or similar form of relief shall be entered or implemented requiring suspension or abandonment of the implementation of all or any part of the Project on grounds of violation of a Safeguards Requirement or other Applicable Law and the injunction or similar form of relief is not stayed or discharged within thirty (30) days of its issuance.

## 21.9 Cessation of Business

- (a) Subject to paragraph (b) below, the Borrower or any Major Project Party (for so long as it is a Major Project Party) suspends or ceases to carry on, or threatens by a public announcement in writing to suspend or carry on, all or a material part of its business.
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- (b) It will not be an Event of Default under paragraph (a) above with respect to:
  - (i) the Trust Account Trustee or the Trust Account Bank if substitute arrangements satisfactory to the Intercreditor Agent are put in place within thirty (30) days after the date on which an Event of Default would, but for this paragraph (b), have occurred.
  - (ii) an Additional Drilling Contractor, a Technical Support Agreement Provider or a provider of a guarantee or performance security (as referred to in paragraph (f)(vi) of the definition of “Major Project Parties” in Clause 1.1 ( *Definitions* )), if substitute arrangements satisfactory to the Intercreditor Agent are put in place within sixty (60) days after the date on which an Event of Default would, but for this paragraph (b), have occurred

#### 21.10 Transaction Documents

- (a) The GoI fails to comply with any of its obligations under the Government Guarantee, the GoI becomes entitled to terminate any of its obligations under the Government Guarantee, or the Government Guarantee ceases to be in full force and effect at any time prior to the Final Maturity Date or is repudiated, suspended, cancelled, revoked, forfeited, surrendered or terminated or has its validity, enforceability (or that of any of its provisions) challenged for any reason.
  - (b) Any person party to a Major Project Document (other than the Government Guarantee) or any Direct Agreement entered into with respect to such Major Project Document does not comply with any of its material obligations in that document or becomes entitled to terminate any of its obligations in that document and, if such document provides for a cure period in respect of such breach or the event giving rise to such right to terminate, such breach or event is not cured, waived or otherwise remedied within that cure period, provided that, with respect only to:
    - (i) the Trust Account Agreement or any Direct Agreement entered into with respect to the Trust Account Agreement, where the Borrower is not the party responsible for the breach of the Trust Account Agreement or such Direct Agreement or the event giving rise to the right to terminate, it shall not be an Event of Default if substitute arrangements (including a new Direct Agreement) satisfactory to the Intercreditor Agent are put in place, or the breach is cured, waived or remedied, in each case within thirty (30) days after the date of such breach or event; or
    - (ii) any Major Project Document (other than the Trust Account Agreement and any Major Project Document referred to in paragraphs (b) to (g) inclusive of the definition of “Major Project Document” in Clause 1.1 ( *Definitions* )) or any Direct Agreement entered into with respect to such Major Project Document, where the Borrower is not the party responsible for the breach of the relevant document or the event giving rise to the right to terminate, it shall not be an Event of Default if substitute arrangements (including a new Direct Agreement) satisfactory to the Intercreditor Agent are put in place, or the breach is cured, waived or remedied, in each case within sixty (60) days after the date of such breach or event.
  - (c) Any of:
    - (i) the Constitutional Documents of a Borrower Entity or an Equity Party;
    - (ii) the Equity Documents;
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- (iii) the JOC;
- (iv) the ESC;
- (v) the PLN Support Letter; or
- (vi) the Government Guarantee,

or any obligation thereunder ceases to be in full force and effect prior to its stated termination date or is repudiated, suspended, cancelled, revoked, forfeited, surrendered or terminated (whether in whole or a part thereof) or has its validity or enforceability (or that of any of its provisions) challenged.

- (d) Any Major Project Document (other than the JOC, the ESC, PLN Support Letter or the Government Guarantee) or any obligation thereunder ceases to be in full force and effect prior to its stated termination date or is repudiated, suspended, cancelled, revoked, forfeited, surrendered or terminated (whether in whole or a part thereof) or has its validity or enforceability (or that of any of its provisions) challenged, other than termination due to the default of a party thereunder, provided that, with respect only to:
    - (i) the Trust Account Agreement, it shall not be an Event of Default if substitute arrangements (including a new Direct Agreement) satisfactory to the Intercreditor Agent are put in place within thirty (30) days after the date on which an Event of Default would, but for this proviso, have occurred; or
    - (ii) any Major Project Document (other than the Trust Account Agreement and any Major Project Document referred to in paragraphs (b) to (g) inclusive of the definition of “Major Project Document” in Clause 1.1 ( *Definitions* )), it shall not be an Event of Default if substitute arrangements (including a new Direct Agreement) satisfactory to the Intercreditor Agent are put in place within sixty (60) days after the date on which an Event of Default would, but for this proviso, have occurred.
  - (e) Any Senior Finance Document or any obligation thereunder ceases to be in full force and effect prior to its stated termination date or is repudiated, suspended, cancelled, revoked, forfeited, surrendered or terminated (whether in whole or a part thereof) or has its validity or enforceability (or that of any of its provisions) challenged otherwise than by a Senior Finance Party, or otherwise is not, or ceases to be, of full force or effect other than in accordance with its terms.
  - (f) It is or becomes unlawful for any person (other than a Senior Finance Party) to perform any of its obligations under the Transaction Documents, provided that, with respect only to:
    - (i) the Trust Account Agreement, it shall not be an Event of Default if substitute arrangements (including a new Direct Agreement) satisfactory to the Intercreditor Agent are put in place within thirty (30) days after the date on which an Event of Default would, but for this proviso, have occurred; or
    - (ii) any Major Project Document (other than the Trust Account Agreement and any Major Project Document referred to in paragraphs (b) to (g) inclusive of the definition of “Major Project Document” in Clause 1.1 ( *Definitions* )), it shall not be an Event of Default if substitute arrangements (including a new Direct Agreement) satisfactory to the Intercreditor Agent are put in place within sixty (60) days after the date on which an Event of Default would, but for this proviso, have occurred.
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- (g) Any Transaction Document or any provision of any Transaction Document is required by any Applicable Law (save as contemplated by the terms of such Transaction Document) to be waived, amended or modified, and such event has or is reasonably likely to have a Material Adverse Effect in the opinion of the Intercreditor Agent.

#### 21.11 Effectiveness of Security

Any Security Document ceases to be in full force and effect or ceases to be effective to create the Security Interest or to provide the priority of the relevant Security Interest purported to be created thereunder.

#### 21.12 Abandonment or Damage

- (a) An Abandonment occurs.
- (b) Any of the events referred to in Clauses 3.14(f)(ii) or 3.14(f)(iii) ( *Insurance Proceeds Account* ) of the Accounts Agreement occurs.

#### 21.13 PLN Privatisation or PGE Privatisation

- (a) A PLN Privatisation Event occurs.
- (b) PLN ceases to be entitled to receive a subsidy from the GoI for or in respect of electricity sold to consumers.
- (c) A PGE Privatisation Event occurs.

#### 21.14 Project Insurance

Any of the Project Insurance is not, or ceases to be, in full force and effect in any material respect or (at the time it is required to be effected) is unavailable or is avoided in any material respect, or any insurer is or will be entitled to avoid or otherwise reduce its liability in any material respect under any policy relating to the Project Insurance.

#### 21.15 Approvals

Any Material Governmental Authorisation or any other authorisation required to implement the Project is revoked, cancelled or not renewed , or a written notice of violation is issued by the issuing agency or any Governmental Authority having jurisdiction thereover, or any proceeding is commenced by any Governmental Authority for the purpose of revoking, cancelling or not renewing any such Material Governmental Authorisation or other authorisation, and in each case substitute arrangements satisfactory to the Intercreditor Agent are not put in place within thirty (30) days after the date of such revocation, cancellation, non-renewal, delivery of the violation notice or initiation of the proceeding.

#### 21.16 Project Events

- (a) The Lenders' Completion Date does not occur by the Lenders' Completion Sunset Date.
  - (b) The Intercreditor Agent (acting in consultation with the Senior Lenders' Technical Advisor and/or the Senior Lenders' Reserves Consultant) determines that there is no reasonable prospect of the Unit COD of the First Generating Unit occurring on or before the Unit COD Sunset Date of the First Generating Unit.
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- (c) The Unit COD of any Generating Unit has not occurred by the Unit COD Sunset Date for that Generating Unit.
- (d) The Intercreditor Agent (acting in consultation with the Senior Lenders' Reserves Consultant) determines that the Borrower has failed to achieve a Drilling Milestone by the applicable Project Milestone Date.
- (e) The Intercreditor Agent (acting in consultation with the Senior Lenders' Technical Advisor and/or the Senior Lenders' Reserves Consultant, as applicable) determines that the Borrower has failed to achieve a Construction Milestone by the applicable Project Milestone Date and:
  - (i) the Borrower fails to provide to the Intercreditor Agent in form and substance satisfactory to the Intercreditor Agent in all respects, within thirty (30) days of being requested to do so by the Intercreditor Agent:
    - (A) a plan setting out how the Borrower will achieve completion of such Project Milestone in order to enable the Borrower to achieve:
      - (1) each remaining Unit COD of a Generating Unit not later than the Unit COD Sunset Date of that Generating Unit; and
      - (2) the Lenders' Completion Date not later than the Lenders' Completion Sunset Date; and
    - (B) an updated draft Project Budget and draft Project Schedule in respect of such plan; or
  - (ii) the Borrower or a Power Plant Contractor or the Initial Drilling Contractor fails to implement diligently any course of action detailed in the remedial plan approved by the Intercreditor Agent.
- (f) There is a Forecast Funding Shortfall at any time and the Borrower fails:
  - (i) within ten (10) days after the earlier to occur of the Borrower becoming aware of such Forecast Funding Shortfall and the Intercreditor Agent notifying the Borrower of such Forecast Funding Shortfall to demonstrate to the satisfaction of the Intercreditor Agent that the Borrower will cure such Forecast Funding Shortfall within a further thirty (30) days; or
  - (ii) having demonstrated to the satisfaction of the Intercreditor Agent that it will cure such Forecast Funding Shortfall within the thirty (30) day period referred to in paragraph (i) above, to cure such Forecast Funding Shortfall within that thirty (30) day period.

#### 21.17 **Material Adverse Effect**

Any event or series of events occurs which has or is reasonably likely to have a Material Adverse Effect in the opinion of the Intercreditor Agent.

#### 21.18 **Business Practices**

- (a) A representation or warranty made by the Borrower under Clause 13.25 ( *Business Practices* ) is incorrect or misleading in any material respect when made.
  - (b) The Borrower does not comply with any of the provisions of Clause 16.16 ( *Business Practices* ).
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#### 21.19 **Environmental and Social Provisions**

- (a) A representation or warranty made by the Borrower under Clause 13.23 ( *Environmental and Social Requirements* ) is incorrect or misleading in any material respect when made or deemed to be made or repeated, unless the circumstances giving rise to such misrepresentation or breach of warranty:
  - (i) are capable of remedy within a period of thirty (30) days so that if the Borrower were to repeat the representation or warranty at the expiry of such period it would be true and not misleading in any material respect;
  - (ii) are remedied to the satisfaction of the Intercreditor Agent within such thirty (30) day period commencing on the earlier of the Intercreditor Agent giving notice to the Borrower and the Borrower becoming aware of the misrepresentation or breach of warranty; and
  - (iii) do not constitute a Significant Safeguards and Social Non-Compliance.
- (b) A Safeguards and Social Non-Compliance occurs which, in the opinion of the Intercreditor Agent, comprises a Significant Safeguards and Social Non-Compliance when considered either on its own or in conjunction with one or more other Safeguards and Social Non-Compliances (whether or not subsisting).
- (c) The Borrower does not comply with any Safeguards and Social Provisions (except if such failure to comply constitutes a Significant Safeguards and Social Non-Compliance) and such failure to comply continues for a period of thirty (30) days from the earlier of:
  - (i) the date on which the Borrower becomes aware of the non-compliance; and
  - (ii) the date on which the Intercreditor Agent issues a notice to the Borrower informing it of the non-compliance.

#### 21.20 **Moratorium**

Any Governmental Authority in Indonesia:

- (a) declares, or takes action to effect, any moratorium on the payment of all or substantially all of the amounts due under agreements involving the borrowing of money or the advance of credit in currencies other than Rupiah; or
- (b) commences negotiations generally with its creditors with a view to a general rescheduling of all or substantially all of the amounts due under agreements involving the borrowing of money or the advance of credit in currencies other than Rupiah.

#### 21.21 **Foreign Exchange Control**

Any foreign exchange control authorisation required by any Governmental Authority is revoked, altered, amended, replaced or is not otherwise in effect with the result that PLN, PGE or the GoI are unable to make, or the Borrower or the Trust Account Trustee are unable to receive any payments in the required currencies, in each case in accordance with the provisions of the Transaction Documents.

#### 21.22 **Expropriation**

Any Governmental Authority takes, or provides official notice that it intends to take, any step with a view to the seizure, expropriation, nationalisation or compulsory acquisition (whether or not for fair compensation) of any Borrower Entity, the shares in the capital of any Borrower Entity, or all or a substantial part of the Project Assets or the PGE Assets .

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#### 21.23 Senior Facility Agreements

An ADB Event of Default is declared by ADB or a JBIC Event of Default is declared by JBIC.

#### 21.24 Operation and Maintenance

- (a) Subject to paragraph (b) below, the term of the NAES Technical Support Agreement and the WestJEC Technical Support Agreement are not, at least six months before the then applicable Technical Support Agreement Termination Date, extended on terms and conditions (including as to the term of the extension) approved by the Intercreditor Agent.
- (b) It will not be an Event of Default under paragraph (a) above if:
  - (i) the Borrower delivers a notice to the Intercreditor Agent pursuant to Clause 18.17(a)(ii) ( *Operations and Maintenance* ) specifying that it will allow the NAES Technical Support Agreement or the WestJEC Technical Support Agreement (or both) to terminate on the then applicable Technical Support Agreements Termination Date and which attaches the information required pursuant to Clause 18.17(b)(i) ( *Operations and Maintenance* );
  - (ii) the Intercreditor Agent approves the Borrower's proposed arrangements for the operation and maintenance of the Plant (which may comprise the operation and maintenance of the Plant by the Operator) within the one hundred and twenty (120) day consultation period referred to in Clause 18.17(b)(ii) ( *Operations and Maintenance* ); and
  - (iii) the Borrower has effected such proposed arrangements (including the entry into of all contracts contemplated by such proposed arrangements, which must be on terms and conditions reasonably satisfactory to the Intercreditor Agent) not later than the date which is at least six (6) months before the then applicable Technical Support Agreement Termination Date.

#### 21.25 JBIC Covered Event

JBIC declares that a JBIC Covered Event subsists.

#### 21.26 First Drawdown Date Sunset Date

The First Advance is made but the First Actual Drawdown Date has not occurred on or before the first Business Day after the First Drawdown Sunset Date.

#### 21.27 Remedies

At any time while an Event of Default subsists, the Intercreditor Agent may issue a notice of such Event of Default to the Borrower and concurrently or at any time thereafter exercise any of the following remedies:

- (a) declare all or part of any amounts outstanding under the Senior Finance Document to be:
    - (i) immediately due and payable, whereupon they shall become immediately due and payable; or
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- (ii) payable on demand by the Intercreditor Agent;
- (b) cancel all or any part of the Total Commitment;
- (c) require that each Sponsor pay its undrawn and uncalled share of the Total Base Equity Commitment and the Total Contingent Equity Commitment in accordance with the provisions of the Equity Support Deed to which that Sponsor is party, or draw under any Acceptable Equity Contribution LCs issued with respect to that Sponsor to the same extent;
- (d) exercise or instruct any Agent to enforce any or all rights under the Senior Finance Documents and/or the Project Documents to step-in to complete or operate any Generating Unit or the Project;
- (e) instruct the Agents to enforce any or all rights under the Senior Finance Documents; and
- (f) enforce any or all rights and remedies available at law or in equity.

## **22. THE AGENTS AND SECURITY**

### **22.1 Appointment and Duties of the Intercreditor Agent**

- (a) Each Senior Finance Party (other than the Intercreditor Agent) irrevocably appoints the Intercreditor Agent to act as its agent under and in connection with the Senior Finance Documents and irrevocably authorises the Intercreditor Agent to:
  - (i) perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Senior Finance Documents, together with any other incidental rights, powers and discretions; and
  - (ii) execute as agent for that Senior Finance Party each Senior Finance Document to which the Intercreditor Agent is a party.
- (b) Each Hedging Counterparty irrevocably appoints the Intercreditor Agent to act as its agent under and in connection with the Intercreditor Deed and irrevocably authorises the Intercreditor Agent to:
  - (i) perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Intercreditor Deed, together with any other incidental rights, powers and discretions; and
  - (ii) execute as agent for that Hedging Counterparty the Intercreditor Deed and each other incidental document to which the Intercreditor Agent is a party.

### **22.2 Appointment and Duties of the Covered Lenders Facility Agent**

- (a) Each Covered Lender irrevocably appoints the Covered Lenders Facility Agent to act as its agent under and in connection with the Senior Finance Documents and irrevocably authorises the Covered Lenders Facility Agent to:
    - (i) perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Senior Finance Documents, together with any other incidental rights, powers and discretions; and
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- (ii) execute as agent for that Senior Finance Party each Senior Finance Document to which the Covered Lenders Facility Agent is a party.
- (b) Unless the context otherwise requires, the Intercreditor Agent, the Covered Lenders Facility Agent and the Covered Lenders agree that any provision in a Senior Finance Document which requires:
  - (i) the Intercreditor Agent to provide notice or deliver any documentation or similar to Senior Lenders who are Covered Lenders, shall be construed as requiring the Intercreditor Agent to provide notice or deliver the relevant documentation or similar to the Covered Lenders Facility Agent; or
  - (ii) a Senior Lender who is a Covered Lenders to provide notice or deliver any documentation or similar to the Intercreditor Agent, shall be construed as requiring the Senior Lender to provide notice or deliver the relevant documentation or similar to the Covered Lenders Facility Agent.

### 22.3 **Appointment and Duties of the JBIC Facility Agent**

JBIC irrevocably appoints the JBIC Facility Agent to act as its agent under and in connection with the Senior Finance Documents. The rights and duties of the JBIC Facility Agent are set out in the JBIC Facility Agreement and shall prevail to the extent of any conflict with the provisions of this Clause 22.

### 22.4 **Appointment of Security Agents and Establishment of Trust**

- (a) Each of the Senior Secured Parties (other than the Security Agents) irrevocably appoints the Onshore Security Agent to act as its security agent under and in connection with the Onshore Security Documents.
  - (b) Each of the Senior Secured Parties (other than the Security Agents) irrevocably appoints the Offshore Security Agent to act as its security agent under and in connection with the Offshore Security Documents. In addition, the Offshore Security Agent declares that it holds the Transaction Security constituted by the Offshore Security Documents on trust for the Senior Secured Parties on the terms contained in this Agreement. Section 1 of the Trustee Act 2000 will not apply to that trust. In the case of any inconsistency with the Trustee Act 2000, the terms of this Agreement will constitute a restriction or exclusion for the purposes of that Act.
  - (c) Unless expressly provided to the contrary in any Senior Finance Document, the Offshore Security Agent holds:
    - (i) the Transaction Security constituted by the Offshore Security Documents and its proceeds; and
    - (ii) the benefit of all amounts which the Borrower owes to a Senior Secured Party under or in connection with the Senior Finance Documents,

for the benefit, and as the property, of the Senior Secured Parties and so that they are not available to the personal creditors of the Offshore Security Agent.
  - (d) The Offshore Security Agent will separately identify in its records the property rights referred to in paragraph (c) above.
  - (e) If the Offshore Security Agent, with the approval of the Intercreditor Agent, determines that the Senior Secured Liabilities Discharge Date (as that term is defined in the Equity Support Deeds) has occurred, the trusts set out in this Agreement shall be wound up and the Offshore Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Offshore Security Agent under each of the Security Documents to which it is a party.
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- (f) Each of the Senior Secured Parties appointing a Security Agent irrevocably authorises that Security Agent, on its behalf, to perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Senior Finance Documents, together with any other incidental rights, powers and discretions.
- (g) The Security Agents have only those duties which are expressly specified in the Senior Finance Documents. Those duties are solely of a mechanical and administrative nature.

#### 22.5 **Role of the Mandated Lead Arrangers**

Except as specifically provided in the Senior Finance Documents, the Mandated Lead Arrangers have no obligations of any kind to any other Senior Secured Party under or in connection with any Senior Finance Document.

#### 22.6 **Relationship**

The relationship between each Agent (on the one hand) and the relevant Senior Secured Parties appointing each such Agent (on the other hand) is that of agent and principal only. Except as contemplated by the Senior Finance Documents, nothing in this Agreement constitutes an Agent as trustee or fiduciary for any other Senior Secured Party or any other person and an Agent need not hold in trust any moneys paid to it for a Senior Secured Party or be liable to account for interest on those moneys.

#### 22.7 **Delegation**

The Agents may act under the Senior Finance Documents through their respective personnel and agents.

#### 22.8 **Instructions; Authority to Act**

- (a) No Agent shall exercise any right, power, authority or direction (unless it relates to a matter of a procedural or administrative nature) without first requesting instructions from the relevant Senior Secured Parties and allowing an appropriate time for the relevant Senior Secured Parties to respond.
- (b) In the absence of instructions from the relevant Senior Secured Parties, an Agent may act (or refrain from taking action) as it considers to be in the best interest of the relevant Senior Secured Parties.

#### 22.9 **Responsibility**

- (a) Each Agent has only those duties which are expressly specified in the Senior Finance Documents. Those duties are solely of a mechanical and administrative nature.
  - (b) Each Agent may engage and pay for the advice or services of lawyers, accountants or other professional advisors or experts as that Agent may consider necessary or desirable and rely and act upon such advice.
  - (c) No Agent or Mandated Lead Arranger is responsible to any other Party for:
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- (i) the execution, genuineness, validity, enforceability or sufficiency of any Senior Finance Document or any other document;
    - (ii) the collectability of amounts payable under any Senior Finance Document; or
    - (iii) the accuracy of any statements (whether written or oral) made in or in connection with any Senior Finance Document.
  - (d) No Security Agent is responsible to any other Party for any failure in perfecting or protecting the Transaction Security, unless directly caused by its gross negligence, fraud or wilful misconduct.
  - (e) No Security Agent is responsible for:
    - (i) the right or title of any person in or to, or the value of, or sufficiency of any part of the Transaction Security;
    - (ii) the priority of any Transaction Security;
    - (iii) the existence of any other Security Interest affecting any asset secured by any Transaction Security;
    - (iv) any unsuitability, inadequacy or unfitness of any of the assets comprising the Transaction Security as security for any or all of the obligations under any or all of the Senior Finance Documents;
    - (v) investigating or monitoring or supervising any person in respect of any assets comprising any part of the Transaction Security;
    - (vi) any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability (including, without limitation, in respect of any Taxes) occasioned to any Transaction Security however caused, occasioned or incurred, except to the extent finally judicially determined to have resulted from the wilful misconduct or gross negligence of that Security Agent;
    - (vii) insuring or procuring insurance in respect of any of the Transaction Security or any deeds or documents of title or other evidence in respect thereof;
    - (viii) any decline in the value or any loss or damage realised or incurred upon any sale or other disposition of any asset comprising part of the Transaction Security, except to the extent finally judicially determined to have resulted from the wilful misconduct or gross negligence of that Security Agent;
    - (ix) any deficiency which might arise as a result of such Security Agent being subject to any Tax in respect of all or any of the assets comprising the Transaction Security, the income therefrom or the proceeds thereof;
    - (x) any failure to require the deposit with it of any deed or document certifying, representing or constituting the title of any Borrower Entity or Equity Party to any of the assets comprising the Transaction Security; or
    - (xi) any failure to obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Senior Finance Documents or any of the Transaction Security.
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- (f) Each Security Agent may accept, without enquiry, the title (if any) a Borrower Entity or an Equity Party may have to any asset over which security is intended to be created by any Security Document.
- (g) No Security Agent is obliged to hold in its own possession any Security Document, title deed or other document in connection with any asset over which security is intended to be created by a Security Document. Without prejudice to the foregoing, a Security agent may allow any bank providing safe custody services or any professional advisor to the Security Agent to retain any of those documents in its possession.

#### 22.10 **Default**

- (a) No Agent is obliged to monitor or enquire as to whether or not a Default has occurred. No Agent will be deemed to have knowledge of the occurrence of a Default. However, if an Agent:
  - (i) receives notice from a Party referring to this Agreement, describing the Default and stating that the event is a Default; or
  - (ii) becomes aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Senior Secured Party (other than such Agent) under the Senior Finance Documents,it shall promptly notify the Facility Agents and ADB (in the case of a Security Agent or a Facility Agent, through the Intercreditor Agent).
- (b) Each Agent may require the receipt of security satisfactory to it, whether by way of payment in advance or otherwise, against any liability or loss which it will or may incur in taking any proceedings or action arising out of or in connection with any Senior Finance Document before it commences those proceedings or takes that action.

#### 22.11 **Exoneration**

- (a) Without limiting paragraph (b) below, no Agent will be liable to any other Senior Secured Party for any action taken or not taken by it under or in connection with any Senior Finance Document, unless directly caused by its gross negligence, fraud or wilful misconduct.
- (b) No Senior Lender may take any proceedings against any officer, employee or agent of an Agent in respect of any claim it might have against any Agent or in respect of any act or omission of any kind (including gross negligence, fraud or wilful misconduct) by that officer, employee or agent in relation to any Senior Finance Document.
- (c) The Agents shall have no liability or obligation to any other Senior Secured Party to account for any sum received by it (other than for the account of another Senior Secured Party) by way of fees or reimbursement of expenses in connection with the Senior Finance Documents or for any benefit received by it arising out of any present or future banking or other relationship with any Borrower Entity or Major Project Party or any person connected with any Borrower Entity or Major Project Party.

#### 22.12 **No Liability to the Borrower**

- (a) No Agent shall have any liability or obligation to the Borrower as a result of any failure or delay:
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- (i) by any other Senior Secured Party or any other third party in performing its respective obligations under any Senior Finance Document; or
  - (ii) in crediting an account with an amount required under any Senior Finance Document to be paid by such Agent if that Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by that Agent for that purpose.
- (b) Notwithstanding any other term or provision of this Agreement to the contrary, the Agents shall not be liable under any circumstances for special, punitive, indirect or consequential loss or damage of any kind whatsoever including but not limited to loss of profits, whether or not foreseeable, even if the Agent is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for such loss or damage is made in negligence, for breach of contract, breach of trust, breach of fiduciary obligation or otherwise.
- (c) The provisions of this Clause 22.12 shall survive the termination or expiry of this Agreement or the resignation or removal of the Agent.

#### **22.13 Certifications by Agent**

Where any provision of this Agreement or any Senior Finance Document provides that an Agent may certify or determine an amount or rate payable by the Senior Lenders or any of them, a certificate by the Agent as to such amount or rate shall be conclusive and binding on each such Senior Lender in the absence of manifest error.

#### **22.14 Reliance**

Each Agent may:

- (a) rely and act upon any notice, representation, certificate, instrument, demand, request, direction, instruction, waiver, receipt, consent, agreement or any other document or communication received by it to be genuine and correct, and to have been made or signed by or with the authority of the proper person, and shall have no duty or responsibility to enquire, review or check the adequacy, accuracy or completeness of any document supplied to it; and
- (b) engage, pay for and rely on legal or other professional advisors selected by it (including those in its employment and those representing a Senior Lender other than itself).

#### **22.15 Credit Approval and Appraisal**

Without affecting the responsibility of the Borrower for information supplied by it or on its behalf in connection with any Senior Finance Document, each Senior Secured Party confirms that it:

- (a) has made its own independent investigation and assessment of the structure of the Project, the form and substance of the Transaction Documents, the financial condition and affairs of the Equity Parties, the parties to the Project Documents and their respective related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by any Agent or any Mandated Lead Arranger in connection with any Senior Finance Document; and
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- (b) will continue to make its own independent appraisal of the matters referred to in paragraph (a) above while any amount is or may be outstanding under the Senior Finance Documents or any Total Commitment is in force.

#### 22.16 **Information**

- (a) Each Agent shall promptly forward to the person concerned the original or a copy of any document which is delivered to it by a Party for that person.
- (b) The Intercreditor Agent shall promptly supply each Facility Agent and ADB with a copy of each document received by the Intercreditor Agent under Clause 3 ( *Conditions Precedent* ) upon the request of such Facility Agent or ADB.
- (c) Except where this Agreement specifically provides otherwise, the Agents are not obliged to review or check the accuracy or completeness of any document it forwards to another Party.
- (d) The Intercreditor Agent shall promptly inform each Agent and ADB of any Event of Default of which an officer of the Intercreditor Agent, acting in respect of this Agreement and in his capacity as such, has actual knowledge.
- (e) Except as provided above, the Agents have no duty:
  - (i) either initially or on a continuing basis to provide the Senior Lenders with any credit or other information concerning matters referred to in paragraph (a) above whether coming into its possession before, on or after the Signing Date; or
  - (ii) unless specifically requested to do so by a Senior Lender in accordance with a Senior Finance Document to request any certificates or other documents from the Borrower.

#### 22.17 **The Agents and Mandated Lead Arrangers Individually**

- (a) Each of the Agents and the Mandated Lead Arrangers may:
    - (i) carry on any business with the Borrower, any party to the Transaction Documents or their respective related entities (including accepting deposits from and lending money to such persons);
    - (ii) act as agent or trustee for, or in relation to any financing involving, the Borrower, any party to the Transaction Documents or their respective related entities; and
    - (iii) retain any profits or remuneration in connection with its activities under this Agreement or in relation to any of the foregoing.
  - (b) In acting as an Agent, the agency division of the Agent will be treated as separate entities from the Agent's other divisions and departments. Any information acquired by an Agent which, in its opinion, is acquired by it otherwise than in its capacity as an Agent may be treated as confidential by the Agent and will not be deemed to be information possessed by the Agent in its capacity as such.
  - (c) The Borrower irrevocably authorises each Agent to disclose any information which is received by it in its capacity as Agent under the Senior Finance Documents.
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#### 22.18 Indemnities

- (a) The Borrower shall, within five (5) Business Days of demand, indemnify each Agent for any liability or loss that the Agent incurs in any way relating to or arising out of its actions as the Agent, except to the extent that the liability or loss arises directly from the Agent's gross negligence or wilful misconduct.
- (b) Without limiting the liabilities of the Borrower under this Clause 22.18 and the other provisions of the Senior Finance Documents, the Senior Secured Parties (other than the Agents) shall, following any failure by the Borrower to comply with its obligations as set out in this Clause 22.18, within five (5) Business Days of demand, indemnify each Agent for that Senior Secured Party's share (in proportion to its Exposure at the relevant time) of any liability or loss incurred by that Agent in any way relating to or arising out of its acting as an Agent, except to the extent that the liability or loss arises directly from the Agent's gross negligence or wilful misconduct.
- (c) The provisions of this Clause 22.18 shall survive the payment in full of all Senior Secured Liabilities and the termination of the Total Commitment.

#### 22.19 Compliance

- (a) Each Agent may refrain from doing anything which might, in its opinion, constitute a breach of any law or regulation or be otherwise actionable at the suit of any person, and may do anything which, in its opinion, is necessary or desirable to comply with any law or regulation of any relevant jurisdiction.
- (b) Without limiting paragraph (a) above, none of the Agents need disclose any information relating to the Borrower or any of its related entities if the disclosure might, in its opinion constitute a breach of any law or regulation or any duty of secrecy or confidentiality or be otherwise actionable at the suit of any person.
- (c) Nothing in the Senior Finance Documents will oblige an Agent to satisfy any Know Your Customer Requirements or other checks in relation to the identity of any person on behalf of any Senior Secured Party, and each Senior Secured Party confirms to each Agent that it is solely responsible for any such requirements or other checks and that it may not rely on any statement in relation to those requirements or other checks made by any Agent. For the avoidance of doubt, in the case of a transfer or assignment with respect to a Senior Facility, no Agent shall be obliged to engage directly with any prospective New Senior Lender in connection with their Know Your Customer Requirements or other similar procedures.

#### 22.20 No Partnership

Nothing contained or implied in the Senior Finance Document shall constitute or be deemed to constitute a partnership between any of the Parties .

#### 22.21 Compliance with Laws

Any Agent may take and instruct any delegate to take any action which it considers, in its sole discretion, appropriate so as to comply with any Applicable Law, regulation, request of a public or regulatory authority or any policy which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities. Such action may include but is not limited to the interception and investigation of transactions on accounts (particularly those involving the international transfer of funds) including the source of the intended recipient of funds paid into or out of accounts. In certain circumstances, such action may delay or prevent the processing of instructions, the settlement of transactions over the accounts or the relevant Agent's performance of its obligations under the Senior Finance Documents. Where possible, the Agents will use reasonable endeavours to notify the relevant parties of the existence of such circumstances. Neither the Agents nor any delegate of the Agents will be liable for any loss (whether direct or consequential and including loss of profit or interest) caused in whole or in part by any actions which are taken by the Agents or any delegate of the Agents pursuant to this Clause 22.21 ( *Compliance with Laws* ).

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#### 22.22 **Force Majeure**

Notwithstanding anything to the contrary in this Agreement, no Agent shall in any event be liable for any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any circumstances beyond the control of such Agent, including existing or future law or regulation, any existing or future act of governmental authority, act of God, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system.

#### 22.23 **Investments**

Except as otherwise provided in any Security Document, all moneys received by a Security Agent under a Security Document may be:

- (a) invested in the name of, or under the control of, the Security Agent in any investment for the time being authorised by English law for the investment by trustees of trust money or any other investments which may be selected by the Security Agent with the consent of the Required Parties; or
- (b) placed on deposit in the name of, or under the control of, the Security Agent at any bank or institution (including any Senior Secured Party) and upon such terms as the Security Agent thinks fit.

#### 22.24 **Release of Security**

Upon a disposal of any assets subject to the Transaction Security pursuant to the enforcement of the Transaction Security or if that disposal is permitted pursuant to the provisions of the Senior Finance Documents, the relevant Security Agent shall, at the cost of the Borrower, release those assets from the Transaction Security and is authorised to execute, without the need for any further authority from the Senior Secured Parties, any release of the Transaction Security or other claim over those assets that may be required or desirable.

#### 22.25 **Replacement of Intercreditor Agent.**

- (a) The Intercreditor Agent may resign at any time by giving not less than thirty (30) days' prior written notice to the other Senior Secured Parties and the Borrower.
  - (b) The Required Parties may, by giving not less than thirty (30) days' prior written notice to the Intercreditor Agent and the Borrower, terminate the appointment of the Intercreditor Agent.
  - (c) The Required Parties may appoint a successor Intercreditor Agent, subject to the consent of the Borrower (such consent not to be unreasonably withheld or delayed), provided that the consent of the Borrower shall not be required during any period in which an Event of Default subsists.
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- (d) The Intercreditor Agent's resignation or termination shall not take effect until a successor Intercreditor Agent has been appointed. Upon such appointment, the successor Intercreditor Agent shall succeed to and become vested with all the rights, powers, discretions and duties of the retiring or terminated Agent and the retiring or terminated Security Agent shall be discharged from any further duties and obligations hereunder.
- (e) The Parties agree to execute whatever documents may be necessary to effect such a change of Intercreditor Agent.
- (f) After any retiring or terminated Intercreditor Agent's resignation or termination, the provisions of this Clause 22 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Intercreditor Agent.

#### **22.26 Replacement of a Facility Agent**

- (a) A Facility Agent may resign at any time by giving not less than thirty (30) days' prior written notice to the Senior Lenders and the Borrower and provided that, in the case of the resignation by the JBIC Facility Agent, the requirements set out in the JBIC Facility Agreement are complied with.
- (b) The Required Parties may, by giving not less than thirty (30) days' prior written notice to a Facility Agent and the Borrower, terminate the appointment of a Facility Agent in accordance with the provisions of the Intercreditor Deed and the relevant Senior Facility Agreements, as applicable.
- (c) The Required Parties shall have the right to appoint a successor Facility Agent in accordance with the provisions of the Intercreditor Deed, subject to the consent of the Borrower (such consent not to be unreasonably withheld or delayed), provided that the consent of the Borrower shall not be required during any period in which an Event of Default subsists.
- (d) A Facility Agent's resignation or termination shall not take effect until a successor Facility Agent has been appointed. Upon such appointment, the successor Facility Agent shall succeed to and become vested with all the rights, powers, discretions and duties of the retiring or terminated Facility Agent and the retiring or terminated Facility Agent shall be discharged from any further duties and obligations hereunder.
- (e) The Parties agree to execute whatever documents may be necessary to effect such a change of Facility Agent.
- (f) After any retiring or terminated Facility Agent's resignation or termination, the provisions of this Clause 22 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as a Facility Agent.

#### **22.27 Replacement of a Security Agent**

- (a) A Security Agent may resign at any time by giving not less than thirty (30) days' prior written notice to the other Senior Secured Parties and the Borrower.
  - (b) The Required Parties may, by giving not less than thirty (30) days' prior written notice to such Security Agent and the Borrower, terminate the appointment of any Security Agent.
  - (c) The Required Parties may appoint a successor Security Agent, subject to the consent of the Borrower (such consent not to be unreasonably withheld or delayed), provided that the consent of the Borrower shall not be required during any period in which an Event of Default subsists.
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- (d) A Security Agent's resignation or termination shall not take effect until a successor Security Agent has been appointed. Upon such appointment, the successor Security Agent shall succeed to and become vested with all the rights, powers, discretions and duties of the retiring or terminated Agent and the retiring or terminated Security Agent shall be discharged from any further duties and obligations hereunder.
- (e) The Parties agree to execute whatever documents may be necessary to effect such a change of Security Agent.
- (f) After any retiring or terminated Security Agent's resignation or termination, the provisions of this Clause 22 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as a Security Agent.

#### 22.28 **FATCA Information**

Each Agent shall resign in accordance with this Clause 22 (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to this Clause 22) if on or after the date which is three (3) months before the earliest FATCA Application Date relating to any payment to the Agent under the Senior Finance Documents, either:

- (a) the Agent fails to respond to a request under Clause 9.5 ( *FATCA Information* ) and a Senior Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
- (b) the information supplied by the Agent pursuant to Clause 9.5 ( *FATCA Information* ) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
- (c) the Agent notifies the Senior Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and (in each case) the Borrower or a Senior Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and that Senior Lender, by notice to the Agent, requires it to resign.

### 23. **FEES**

#### 23.1 **Senior Lenders' Fees**

The Borrower shall pay to each Mandated Lead Arranger and/or each Senior Lender such fees as are from time to time agreed between the Borrower and such Mandated Lead Arranger and/or Senior Lender on the date specified in and in accordance with the terms of the relevant Senior Facility Agreement.

#### 23.2 **Commitment Fee**

The Borrower shall pay to each Senior Lender the commitment fees specified in, and in accordance with, the terms of the relevant Senior Facility Agreement.

#### 23.3 **Agents' Fees**

The Borrower shall pay to each Agent, for its own account, an agency fee in the amount, in the manner and at the time agreed in the relevant Fee Letter.

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#### 23.4 **Advisors Appointment**

The Borrower acknowledges that the Intercreditor Agent has appointed or will or may appoint each of the Senior Lenders' Advisors. The Borrower shall pay the reasonable fees, costs and expenses of each Senior Lenders' Advisor in accordance with the arrangements agreed by the Borrower in the relevant Senior Lenders' Advisor's Appointment Letter.

### 24. **EXPENSES AND STAMP DUTIES**

#### 24.1 **Costs**

Unless otherwise agreed in writing between the relevant Senior Finance Party and the Borrower, the Borrower shall, within five (5) Business Days of demand, pay to each Senior Finance Party the amount of all costs and expenses (including legal fees, travel, communication, presentation and other out-of-pocket expenses) reasonably incurred by any of them in connection with:

- (a) the review, negotiation, preparation, printing, execution, notarisation, registration or translation of the Senior Finance Documents;
- (b) wire transfer or other similar fees incurred in the making of any Advance under the Senior Finance Documents;
- (c) any amendment, waiver, consent, suspension of rights (or any proposal for any of the foregoing) relating to a Senior Finance Document or a document referred to in any Senior Finance Document or any other matter;
- (d) any report prepared by, or review, audit, validation or valuation conducted by, or other services pursuant to the Senior Finance Documents and provided by, any of the Senior Lenders' Advisors or any other advisor or consultant in relation to the Project;
- (e) the giving of any legal opinions required by such Senior Finance Party pursuant to the Senior Finance Documents; and
- (f) the release of the Transaction Security following repayment in full of all amounts outstanding under the Senior Finance Documents.

#### 24.2 **Enforcement Costs**

The Borrower shall, within three (3) Business Days of demand, pay to each Senior Secured Party the amount of all out-of-pocket costs and expenses (including legal fees) incurred by it in connection with the enforcement of, or the preservation of any rights under, any Senior Finance Document.

#### 24.3 **Stamp Duties**

The Borrower shall pay, and within three (3) Business Days of demand indemnify each Senior Finance Party against any liability it incurs in respect of, any stamp duty, registration fees and similar Tax which is or becomes payable in connection with the entry into, performance or enforcement of any Senior Finance Document.

### 25. **INDEMNITIES**

#### 25.1 **Currency Indemnity**

- (a) If a Senior Finance Party receives an amount in respect of the Borrower's liability under the Senior Finance Documents or an amount held to the order of that Senior Finance Party in respect of such liability (including, for the avoidance of doubt, pursuant to Clause 8.3 ( *Inconvertibility Events and Suspense Accounts* ) of the Intercreditor Deed) or if that liability is converted into a claim, proof, judgement or order in a currency other than the currency (the “ **Contractual Currency** ”) in which the amount is expressed to be payable under the relevant Senior Finance Document:
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- (i) the Borrower shall, within five (5) Business Days of demand, indemnify that Senior Finance Party as an independent obligation against any loss or liability arising out of or as a result of the conversion;
  - (ii) if the amount received by the Senior Finance Party, when converted into the Contractual Currency at a market rate in the usual course of its business, is less than the amount owed in the Contractual Currency, the Borrower shall forthwith on demand pay to that Senior Finance Party an amount in the Contractual Currency equal to the deficit; and
  - (iii) the Borrower shall forthwith on demand pay to the Senior Finance Party concerned any exchange costs and Taxes payable in connection with any such conversion.
- (b) The Borrower waives any right it may have in a jurisdiction to pay any amount under the Senior Finance Documents in a currency other than in which it is expressed to be payable.

## 25.2 Tax Indemnity

- (a) The Borrower shall, within three (3) Business Days of demand by any Senior Finance Party, pay to such Senior Finance Party an amount equal to the loss, liability or cost which that Senior Finance Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Senior Finance Party in respect of the Senior Finance Documents.
  - (b) Paragraph (a) above shall not apply:
    - (i) with respect to any income Tax (excluding any Tax imposed on any gross up payments made by the Borrower under the Senior Finance Documents) assessed on a Senior Finance Party:
      - (A) under the law of the jurisdiction (or jurisdictions) in which that Senior Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Senior Finance Party is treated as resident for tax purposes; or
      - (B) under the law of the jurisdiction in which that Senior Finance Party's Lending Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the revenue or net income received or receivable (but not any sum deemed to be received or receivable) by that Senior Finance Party; or
    - (ii) to the extent that the loss, liability or cost is compensated for by an increased payment under Clause 9.1 ( *Tax gross-up* ), Clause 9.3 ( *FATCA Deduction and gross-up by the Borrower and Equity Parties* ) or paragraph (b) of Clause 9.4 ( *FATCA Deduction by the Senior Finance Parties* ), or by a payment under paragraph (c) of Clause 9.4 ( *FATCA Deduction by the Senior Finance Parties* ).
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- (c) A Senior Finance Party making or intending to make a claim under paragraph (a) above shall promptly notify the Intercreditor Agent of the event which will, or has given, rise to the claim, following which the Intercreditor Agent shall notify the Borrower.
- (d) A Senior Finance Party shall, on receiving payment from the Borrower under this Clause 25.2, notify the Intercreditor Agent of such payment having been made.

### 25.3 Other Indemnities

- (a) The Borrower shall, within five (5) Business Days of demand, indemnify each Senior Finance Party against any costs, expenses, losses and liabilities which that Senior Finance Party incurs as a consequence of:
    - (i) the occurrence of any Default;
    - (ii) the operation of Clause 21.27 ( *Remedies* );
    - (iii) (other than by reason of negligence or default by a Senior Finance Party) any payment of principal or an overdue amount being received from any source otherwise than on the last day of a relevant Interest Period or Designated Interest Period (as defined in Clause 7.3 ( *Default Interest* ));
    - (iv) (other than by reason of negligence or default by a Senior Finance Party) a Senior Loan not being made after the Borrower has delivered a Drawdown Notice or a Senior Loan (or part of a Senior Loan) not being prepaid in accordance with a notice of prepayment;
    - (v) any Safeguards and Social Claim or any actual or alleged breach of any Environmental and Social Law or Governmental Authorisation issued under any Environmental and Social Law; or
    - (vi) (other than by reason of negligence or default by a Senior Finance Party) any claim which is brought against a Senior Finance Party by any person other than another Senior Finance Party in connection with or arising out of the transactions contemplated by any Transaction Document.
  - (b) The Borrower shall, within five (5) Business Days of demand, indemnify each Agent against any costs, expenses, losses and liabilities which that Agent incurs as a consequence of:
    - (i) investigating any event which it reasonably believes is a Default (provided that such Agents shall provide the Borrower with prior written notice before instructing legal counsel in connection with any such Default);
    - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised, in each case, after the occurrence of a Default;
    - (iii) enforcing any Transaction Security; or
    - (iv) exercising any of the rights, powers, discretions or remedies vested in it under any Senior Finance Document or by Applicable Law, in each case, after the occurrence of a Default.
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## **26. EVIDENCE AND CALCULATIONS**

### **26.1 Accounts**

Accounts maintained by a Senior Finance Party in connection with the Senior Finance Documents are, in the absence of manifest error, *prima facie* evidence of the matters to which they relate.

### **26.2 Certificates and Determinations**

Any certification or determination by a Senior Finance Party of a rate or amount under the Senior Finance Documents shall, in the absence of manifest error, be presumed to be correct unless the contrary is shown.

### **26.3 Calculations**

Save as otherwise expressly provided in this Agreement or any Senior Finance Document, interest and fees accrue accruing under a Senior Document accrue from day to day, from and including the first day in the relevant period up to but excluding the last day of the relevant period in respect of which such interest or fees are payable under the Senior Finance Documents, and are calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days.

## **27. WAIVERS AND AMENDMENTS**

### **27.1 Waivers and Remedies Cumulative**

The rights of each Senior Finance Party under the Senior Finance Documents:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

### **27.2 Amendments**

- (a) Subject to:
  - (i) the following paragraphs of this Clause 27.2; and
  - (ii) Clauses 3 ( *Voting and Decision Making* ) and 4 ( *Decisions* ) of the Intercreditor Deed (as applicable),

any term of the Senior Finance Documents may be amended or waived with the agreement of the Borrower and the Intercreditor Agent. Any such amendment or waiver shall be valid and binding on all the parties to such Senior Finance Document. The Intercreditor Agent shall promptly notify each Agent, ADB and the Hedging Counterparties of any such amendment or waiver.

- (b) An amendment or waiver not agreed or deemed agreed by a Senior Finance Party and which relates to a term of a Senior Finance Document which expressly requires the consent of that Senior Finance Party is not binding on that Senior Finance Party.
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- (c) An amendment or waiver which relates directly to the rights and/or obligations of any Agent in its capacity as such may not be effected without the agreement of that Agent.
- (d) No amendments may be made to the Security Documents without the consent of the relevant Security Agent.
- (e) Any term of the Intercreditor Deed may be amended or waived in accordance with the provisions of the Intercreditor Deed without the consent of the Borrower other than:
  - (i) any of the following terms defined in Clause 1.1 ( *Definitions* ) of the Intercreditor Deed: “Decision Date”, “Exposure”, “First Drawdown Sunset Date” and “Required Parties”;
  - (ii) Clause 3.1 ( *Determination of Eligible Votes* ) of the Intercreditor Deed;
  - (iii) Clause 3.4 ( *Failure to Vote* ) of the Intercreditor Deed;
  - (iv) Clause 4 ( *Decisions* ) of the Intercreditor Deed;
  - (v) Clause 5 ( *Hedging* ) of the Intercreditor Deed; and
  - (vi) Clause 6 ( *Enforcement* ) of the Intercreditor Deed,

each of which shall require the consent of the Borrower (such consent not to be unreasonably withheld or delay).

## **28. CHANGES TO THE PARTIES**

### **28.1 Transfers by the Borrower**

The Borrower may not Dispose of any of, or any interest in, the rights and/or obligations of the Borrower under the Senior Finance Documents.

### **28.2 Transfers by Senior Lenders**

- (a) A Senior Lender (an “ **Existing Senior Lender** ”) may, subject to the terms of this Clause 28 ( *Changes to the Parties* ) and the terms of the applicable Senior Facility Agreement, at any time transfer any part of its Commitment and/or any part of a Participation and/or assign or transfer any of its rights and/or obligations under the Senior Finance Documents to another bank or financial institution (the “ **New Senior Lender** ”), subject to the following:
  - (i) unless an Event of Default is subsisting, the Existing Senior Lender must give prior written notice to the Borrower of any such transfer or assignment;
  - (ii) if such transfer or assignment is effected by a Covered Lender during the Availability Period, the New Senior Lender must have a Required Credit Rating;
  - (iii) if such transfer or assignment is made by a Covered Lender, JBIC must have given its prior written consent to the transfer or assignment; and
  - (iv) no such transfer or assignment may be made to a Borrower Entity, Equity Party or an Affiliate of any Equity Party.

For the avoidance of doubt, the consent of the Borrower is not required for any such transfer or assignment .

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(b) Other than in the case of a transfer of a Commitment or Participation by:

(i) JBIC or ADB; or

(ii) an existing Senior Lender to another existing Senior Lender or an Affiliate of an existing Senior Lender,

any transfer by a Senior Lender of a Commitment or a Participation shall be in a minimum amount of USD10,000,000, provided that if the Total Commitment or Participation of the Existing Senior Lender is less than USD10,000,000, such transfer shall be for the full amount of such Commitment or Participation.

(c) A transfer of obligations with respect to a Senior Facility will be effective only if either:

(i) the obligations are assigned or transferred in accordance with Clause 28.3 ( *Procedure for Transfer – Senior Lenders* ); or

(ii) the New Senior Lender confirms to the Intercreditor Agent and the Borrower that it undertakes to be bound by the terms of this Agreement as a Senior Lender in form and substance satisfactory to the Intercreditor Agent. On the transfer becoming effective in this manner, the Existing Senior Lender shall be relieved of its obligations under the Senior Finance Documents to the extent that they are transferred to the New Senior Lender,

and each relevant Agent has been paid any fees payable to it in connection with the transfer or assignment.

(d) On each occasion that an Existing Senior Lender transfers any of its Commitment and/or any of its Participation and/or assigns or transfers any of its rights and/or obligations under the Senior Finance Documents, the New Senior Lender shall pay to each of the Intercreditor Agent, each Security Agent, (in the case of a transfer or assignment with respect to rights and/or obligations under the Covered Lenders Facility Agreement) the Covered Lenders Facility Agent and (in the case of a transfer or assignment with respect to rights and/or obligations under the JBIC Facility Agreement) the JBIC Facility Agent for their own account at least three (3) Business Days before the assignment or transfer takes effect a transfer fee of USD2,500.

(e) An Existing Senior Lender is not responsible to a New Senior Lender for:

(i) the execution, genuineness, validity, enforceability or sufficiency of any Senior Finance Document or any other document;

(ii) the collectability of amounts payable under any Senior Finance Document; or

(iii) the accuracy of any statements (whether written or oral) made in or in connection with any Senior Finance Document.

(f) Each New Senior Lender confirms to the Existing Senior Lender and the other Senior Finance Parties that it:

(i) has made its own independent investigation and assessment of the financial condition and affairs of each Borrower Entity and each Major Project Party and each of their related entities in connection with its participation in the Senior Finance Documents and has not relied exclusively on any information provided to it by the Existing Senior Lender in connection with any Senior Finance Document; and

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- (ii) will continue to make its own independent appraisal of the creditworthiness of each Borrower Entity and each Major Project Party and each of their related entities while any amount is or may be outstanding under the Senior Finance Documents or any Total Commitment is in force.
- (g) Nothing in any Senior Finance Document obliges an Existing Senior Lender to:
  - (i) accept a re-transfer from the New Senior Lender of any of the rights and/or obligations assigned or transferred under this Clause 28.2 ( *Transfers by Senior Lenders* ); or
  - (ii) support any losses incurred by the New Senior Lender by reason of the non-performance by any Borrower Entity or any Major Project Party of its obligations under the Senior Finance Documents or otherwise.
- (h) Any reference in this Agreement to a Senior Lender includes the New Senior Lender but excludes such Senior Lender if no amount is or may be owed to or by it under the Senior Finance Documents and its Commitment has been cancelled or reduced to nil.

### 28.3 Procedure for Transfer – Senior Lenders

- (a) A transfer of obligations with respect to a Senior Facility is effected if:
    - (i) the Existing Senior Lender and the New Senior Lender deliver to the Intercreditor Agent and the relevant Facility Agent (if any) a Deed of Novation – Senior Lenders together with such further documents and acknowledgements as may be necessary (in the reasonable opinion of the Intercreditor Agent) to perfect or protect the security created under the Security Documents;
    - (ii) the Intercreditor Agent and the relevant Facility Agent (if any) executes such Deed of Novation – Senior Lenders, provided that the Intercreditor Agent and the relevant Facility Agent (if any) shall not be obliged to execute such Deed of Novation – Senior Lenders unless all Know Your Customer Requirements in relation to the transfer to such New Senior Lender have been completed; and
    - (iii) all fees required to be paid pursuant to Clause 28.2(d) ( *Transfers by Senior Lenders* ) have been paid.
  - (b) Each Party (other than the Existing Senior Lender and the New Senior Lender) irrevocably authorises the Intercreditor Agent and its relevant Facility Agent (if any) to execute any duly completed Deed of Novation – Senior Lenders on its behalf.
  - (c) To the extent that they are expressed to be the subject of the transfer in the relevant Deed of Novation – Senior Lenders:
    - (i) the Existing Senior Lender and the other Parties (the “ **Existing Parties** ”) will be released from their obligations to each other (the “ **Discharged Obligations** ”);
    - (ii) the New Senior Lender and the Existing Parties will assume obligations towards each other which differ from the Discharged Obligations only insofar as they are owed to or assumed by the New Senior Lender instead of the Existing Senior Lender;
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- (iii) the rights of the Existing Senior Lender against the Existing Parties and vice versa (the “ **Discharged Rights** ”) will be cancelled; and
- (iv) the New Senior Lender and the Existing Parties will acquire rights against each other which differ from the Discharged Rights only insofar as they are exercisable by or against the New Senior Lender instead of the Existing Senior Lender,

all on the date of execution of the Deed of Novation – Senior Lenders by the Intercreditor Agent or, if later, the date specified in the Deed of Novation – Senior Lenders .

- (d) Upon the execution of a Deed of Novation – Senior Lenders in accordance with paragraph (a) above:
  - (i) the Intercreditor Agent shall deliver promptly a copy of such Deed of Novation – Senior Lenders to the Borrower and the applicable Facility Agent (if any); and
  - (ii) the Intercreditor Agent shall deliver to the Borrower, the Facility Agents, ADB, the Existing Senior Lender and the New Senior Lender an acknowledgement of such transfer together with a statement showing the revised Commitments and/or Participations (as applicable) owing to each Senior Lender under the relevant Senior Facility.

#### 28.4 **Hedging Counterparties**

- (a) A person may become party to this Agreement and the Intercreditor Deed as a Hedging Counterparty after the Signing Date only:
  - (i) if that person is an Eligible Bank; and
  - (ii) upon the full execution and delivery to the Intercreditor Agent of a Deed of Accession – Hedging Counterparties.
- (b) Upon delivery to the Intercreditor Agent of a Deed of Accession – Hedging Counterparties as contemplated under paragraph (a)(ii) above, the Eligible Bank signing as a Hedging Counterparty thereunder shall become a Hedging Counterparty for the purposes of this Agreement, the Intercreditor Deed and (to the extent applicable) the other Senior Finance Documents and be entitled to all of the rights and subject to all of the obligations applicable to a Hedging Counterparty under this Agreement, the Intercreditor Deed and the other Senior Finance Documents (to the extent applicable).

#### 28.5 **Sub-participations**

- (a) A Senior Lender may grant a sub-participation (or an arrangement having a similar economic effect) in all or any part of its Commitment and/or Participation to any commercial bank or lending institution; provided that:
    - (i) no such sub-participation shall alter such Senior Lender’s obligations under the Senior Finance Documents; and
    - (ii) in the case of a Covered Lender, JBIC has provided its prior written consent.
  - (b) The Senior Lenders shall be entitled to provide documents and information relating to any such sub-participation to potential purchasers of any such sub-participation, provided that such potential purchaser (other than a potential purchase of a sub-participation with respect to all or any part of ADB’s or JBIC’s Commitment and/or Participation) has entered into an undertaking enforceable by the Borrower to keep such information confidential, the terms of which are at least as favourable to the Borrower as the terms of Clause 30.2 ( *Senior Finance Party Confidentiality* ).
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#### 28.6 **Security over Senior Lenders' Rights**

In addition to the other rights provided to the Senior Lenders under this Clause 28 ( *Changes to the Parties* ), each Senior Lender (other than a Covered Senior Lender) may, without consulting with or obtaining the consent from the Borrower, at any time charge, assign or otherwise create security in or over (whether by way of security or otherwise) all or any of its rights under any Senior Finance Document to secure obligations of that Senior Lender including any charge, assignment or other security to secure obligations to a federal reserve or central bank and in the case of any Senior Lender which is a fund, any charge, assignment or other security granted to any holders (or trustee or representative of holders) of obligations owed, or securities issued, by that Senior Lender as security for those obligations or securities, except that, in each case, no such charge, assignment or security shall:

- (a) release a Senior Lender from any of its obligations under the Senior Finance Documents or substitute the beneficiary of the relevant charge, assignment or other security for the Senior Lender as party to any of the Senior Finance Documents; or
- (b) require any payment to be made by the Borrower or grant to any person any more extensive rights than those required to be made or granted to the relevant Senior Lender under the Senior Finance Documents.

#### 28.7 **Register**

The Intercreditor Agent shall keep a register of all the Parties and shall supply any other Party (at that Party's expense) with a copy of the register on request.

#### 28.8 **Lending Offices**

Each Senior Lender (other than JBIC) shall participate in the Senior Facilities to which it is a party through its Lending Office, but may change its Lending Office from time to time in relation to all or part of its Commitment and/or Participation in such Senior Facility or Senior Facilities, as the case may be, after giving not less than five (5) Business Days' prior notice to the Intercreditor Agent, and in the case of a Covered Lender, with the prior written consent of JBIC.

#### 28.9 **Costs resulting from change of Senior Lender or Lending Office**

If:

- (a) a Senior Lender (other than JBIC or ADB or a Covered Lender who assigns or transfers any such rights to JBIC pursuant to Clause 28.13 ( *Subrogation and Assignment* ) of the Reimbursement and Subrogation Agreement) otherwise than at the request of the Borrower assigns or transfers any of its rights and obligations under the Senior Finance Documents or changes its Lending Office; and
- (b) as a result of circumstances existing at the date of the assignment, transfer or change occurs, the Borrower would be obligated to make a payment to the New Senior Lender or the existing Senior Lender acting through its new Lending Office under Clause 9.1 ( *Tax gross-up* ) or Clause 11.3 ( *Increased Cost Payments* ),

then, unless the assignment, transfer or change occurs while an Event of Default subsists, the Borrower need only make such payment to the same extent that it would have been obliged to if no assignment, transfer or change had occurred.

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#### 28.10 Reference Banks

If a Senior Lender that is a Reference Bank ceases to be a Senior Lender, the Intercreditor Agent shall, in consultation with the Borrower, appoint another Senior Lender or an Affiliate of another Senior Lender to replace that Reference Bank.

#### 28.11 Additional Transfer Requirements

- (a) Unless a New Senior Lender or a new Hedging Counterparty expressly agrees with the Intercreditor Agent in writing to the contrary, in no event shall an assignment, novation or transfer of rights or obligations permitted under Clause 28.2 ( *Transfers by Senior Lenders* ) or an accession permitted under Clause 28.4 ( *Hedging Counterparties* ) (as the case may be) be effective unless and until the Intercreditor Agent confirms to the Existing Senior Lender and the New Senior Lender that the Borrower has complied with those of its obligations under paragraph (b) below which the Intercreditor Agent determines are required under Applicable Law to be performed prior to the assignment, novation or transfer, or accession, taking effect.
  - (b) The Borrower undertakes that it shall, promptly upon request of the Intercreditor Agent and at its cost:
    - (i) do all things necessary to ensure that the Senior Finance Parties (including any proposed New Senior Lender and new Hedging Counterparty) are registered as Senior Secured Parties under each Onshore Security Document registered with the Fiduciary Registration Office Jakarta, Indonesia;
    - (ii) do all things necessary to ensure that the Senior Finance Parties (including any proposed New Senior Lender) are registered as the applicable Senior Finance Parties with the PKLN Team;
    - (iii) obtain the Bank Indonesia's approval and/or registration of the Senior Finance Parties (including any proposed New Senior Lender), to the extent that such approval has not been granted previously and is customarily obtained pursuant to prevailing market practice;
    - (iv) obtain all authorisations, registrations and do all other things that it is required to obtain or do under Applicable Law, or which the Intercreditor Agent reasonably considers necessary or desirable, to ensure that:
      - (A) each Senior Finance Document will continue to be a legally valid, binding and enforceable obligation of each party thereto (including a proposed New Senior Lender and new Hedging Counterparty); and
      - (B) the Security Interests created by each Security Document will continue to be valid and effective in all respects (including in respect of a proposed New Senior Lender and new Hedging Counterparty); and
      - (C) each Security Document that is governed by Indonesian law will continue to be a legally valid, binding and enforceable obligation of each party thereto and the Security Interests created by each such Security Document will continue to be valid and effective and will extend to secure the obligations of the Borrower to all Senior Secured Parties (including the New Senior Lender and new Hedging Counterparty) under the Senior Finance Documents.
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## 28.12 Replacement of a Covered Lender

- (a) If:
- (i) the Borrower is obligated to make a payment to any Covered Lender under Clause 9.1 ( *Tax gross-up* );
  - (ii) any Covered Lender claims indemnification from the Borrower under Clause 25.2 ( *Tax Indemnity* );
  - (iii) the Borrower is required to make a payment to a Senior Lender under Clause 11.3 ( *Increased Cost Payments* ); or
  - (iv) any circumstances arise which result in a Covered Lender becoming a Non-Consenting Covered Lender,
- the Borrower may, whilst the circumstance giving rise to the requirement , indemnification , prepayment or a Covered Lender being a Non-Consenting Covered Lender continues, replace that Covered Lender in accordance with paragraph (b) below.
- (b) Subject to the terms and conditions of this Agreement, including compliance with the requirements of paragraph (c) below and the conditions in paragraph (d) below, the Borrower may, in the circumstances set out in paragraph (a) above, replace a Covered Lender by requiring such Covered Lender to (and such Covered Lender shall) transfer pursuant to this Clause 28 ( *Changes to the Parties* ) all of its Commitment and Participations to one or more Senior Lenders or New Senior Lenders selected by the Borrower (each a “ **Replacement Senior Lender** ”).
- (c) The requirements referred to in paragraph (b) above are:
- (i) the transferring Covered Lender must complete satisfactory “know-your-customer requirements” in respect of the proposed replacement Covered Lender;
  - (ii) the Borrower and the transferring Covered Lender must obtain JBIC’s prior written consent to the proposed replacement Covered Lender; and
  - (iii) the Replacement Senior Lender must confirm its willingness to purchase and to assume the relevant Covered Lender’s Commitment and Participations (as the case may be), and acquire all of the rights and assume all the relevant obligations, of that Senior Lender on the same basis as the existing Covered Lender pursuant to an assignment or transfer in accordance with the provisions of Clause 28 ( *Changes to the Parties* ).
- (d) The replacement of a Covered Lender shall be subject to the further conditions that:
- (i) each assignment, transfer or assumption of Commitments and/or Participations in Senior Loans shall be arranged by the Borrower;
  - (ii) no Covered Lender shall be obliged to make any assignment or transfer pursuant unless and until it has received payment from the Replacement Senior Lender(s) in an aggregate amount equal to the amount of the Senior Loans outstanding and owing to the relevant Covered Lender, together with accrued and unpaid interest and fees (including, if the effective date of the assignment or transfer is not an Interest Payment Date in relation to any Participation in a Senior Loan being transferred, any Breakage Costs and all other amounts payable to the existing Covered Lender under this Agreement and the other Senior Finance Documents);
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- (iii) if the Covered Lender to be replaced is also a Hedging Counterparty:
  - (A) the Replacement Senior Lender is an Eligible Bank;
  - (B) either:
    - (1) the Hedging Agreements entered into by the Borrower and the existing Covered Lender must be novated to the Replacement Senior Lender on terms to be agreed with the Covered Lender being replaced; or
    - (2) upon an early termination of the existing Covered Lender's Hedging Agreements arising as a result of the replacement, the Replacement Senior Lender must enter into a replacement Hedging Agreement on at least as favourable terms as the Hedging Agreement being terminated; and
  - (C) the Borrower shall pay all outstanding Hedging Costs and Hedging Termination Sum (if any) and all other costs and expenses in connection with the novation or termination of such Hedging Agreements;
- (iv) the Borrower shall have no right to replace an Agent in its capacity as such;
- (v) none of the Senior Finance Parties shall have any obligation to the Borrower to find a Replacement Senior Lender;
- (vi) in no event shall the Covered Lender replaced under this Clause 28.12 be required to pay or surrender to a Replacement Senior Lender any of the fees received by such replaced Senior Lender pursuant to the Senior Finance Documents; and
- (vii) the Borrower shall bear all costs and expenses arising from any of the transaction contemplated in the foregoing paragraphs.

#### 28.13 Subrogation and Assignment

- (a) Without prejudice and in addition to the provisions of the Reimbursement and Subrogation Agreement and any right of indemnification or subrogation JBIC may have at law, in equity or otherwise:
    - (i) the Borrower and the Intercreditor Agent (on behalf of the Covered Lenders) acknowledge and agree that, if JBIC makes any payment pursuant to the EPRG (each such payment being an “**EPRG Payment**”), JBIC shall immediately be subrogated, to the extent of such EPRG Payment, to the rights and interests of each Covered Lender, including the rights and interests under the other Senior Finance Documents and to any Project Assets as a Senior Secured Party (the “**Subrogation Rights**”), and that such Subrogation Rights and the Borrower's obligations hereunder to JBIC as the subrogee shall constitute unpaid obligations for the purposes of this Agreement; and
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- (ii) in furtherance of the foregoing, promptly upon JBIC's request, the Covered Lenders or the Intercreditor Agent on behalf of the Covered Lenders shall execute any assignment and transfer documentation and endorsements reasonably requested by JBIC and permitted by Applicable Laws to effect the transfer to JBIC of all rights, title and interest in and to the Senior Loans, this Agreement, the other Senior Finance Documents and any other related agreements, documents and instruments, including rights to the Project Assets securing the obligations owed to the Covered Lenders, to the extent of JBIC's Subrogation Rights, whereupon JBIC shall become, subject to paragraph (b) below, a "Covered Lender" for the purposes of the Senior Finance Documents (other than the EPRG) with respect to such assigned or transferred Subrogation Rights.

(b) Notwithstanding paragraph (a) above:

- (i) the terms and conditions of the Senior Loans in respect of which JBIC has Subrogation Rights and/or which are assigned or transferred to JBIC pursuant to paragraph (a)(ii) above shall be deemed to be those set out in the Senior Finance Documents which are applicable to Senior Loans under the JBIC Facility; and
- (ii) JBIC shall not, with respect to the Subrogation Rights, be treated as a Covered Lender for the purposes of Clauses 9 ( *Taxes* ), 11 ( *Increased Costs* ), 12 ( *Mitigation* ) and 28 ( *Changes to the Parties* ) and shall instead be treated for all purposes as JBIC,

in each case as if JBIC's interest in any amounts outstanding with respect to any Covered Loans representing its Subrogation Rights were amounts owed to JBIC under or in connection with the JBIC Facility.

## **29. ADVISORS**

The Intercreditor Agent may:

- (a) in addition to Senior Lenders' Advisors appointed on or before the Closing Date, appoint such additional consultants or advisors to act on behalf of the Senior Lenders in relation to the Project, subject (unless a Default is subsisting) to the consent of the Borrower (such consent not to be unreasonably withheld or delayed); and
- (b) if any of the Senior Lenders' Advisors resign or their appointments otherwise cease or are terminated, subject (unless a Default is subsisting) to the consent of the Borrower (such consent not to be unreasonably withheld or delayed), appoint a new Senior Lenders' Advisor, as appropriate.

## **30. DISCLOSURE OF INFORMATION**

### **30.1 Borrower Confidentiality**

- (a) The Borrower shall treat the Senior Finance Documents as confidential and shall not disclose to any person, other than the Senior Finance Parties, any provision of, or information regarding, the Senior Finance Documents without the prior written consent of the Intercreditor Agent or to the extent contemplated in paragraph (b) below.
  - (b) The Borrower may disclose any provision of, or information regarding, the Senior Finance Documents:
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- (i) to the Equity Parties and any other Borrower Entity and the officers, employees and/or directors of any of the foregoing;
- (ii) to the officers, employees and/or directors of its Affiliates;
- (iii) to the Borrower's and the Equity Parties' and any of their Affiliates' professional advisors, agents, service providers (including its auditors, insurers or insurance brokers), Representatives, shareholders or potential shareholders (on a similar confidential basis);
- (iv) to any person (including to that person's Affiliates, Representatives and professional advisors) with whom any Equity Party or any Borrower Entity is proposing to enter, or has entered into, any kind of agreement for the transfer of any shares in the capital of any Borrower Entity or Equity Party;
- (v) to any rating agency or direct or indirect provider of credit protection of any Equity Party or any Borrower Entity;
- (vi) if and to the extent such disclosure is required by Applicable Law or pursuant to any regulatory or stock exchange requirements or if such information becomes publicly available;
- (vii) to any Governmental Authority;
- (viii) to any banking or other regulatory or examining authorities (whether governmental or otherwise) on whose instructions it is accustomed to comply, upon an instruction to do so; and
- (ix) to any counterparty to a Project Document who is entitled to receive such information or where the Borrower (acting reasonably) considers it necessary or desirable to make such disclosure.

### 30.2 Senior Finance Party Confidentiality

- (a) Subject to paragraph (b) below and Clauses 30.3 ( *ADB Disclosure Obligations* ) and 30.4 ( *JBIC Disclosure Obligations* ), each Senior Finance Party shall treat all information relating to the Borrower (except information which is publicly available or in respect of which disclosure is required by law) (the “ **Information** ”) as confidential.
  - (b) The Senior Finance Parties may only disclose any Information to:
    - (i) the officers, employees and/or directors of its head office, branches of its head office and its Affiliates involved in the credit process, inspection, internal controls or auditing functions to whom such Information is routinely or ordinarily made available provided that the Senior Finance Party shall notify the party that the Information disclosed is confidential (unless the party is bound by Applicable Law to treat all such information as confidential);
    - (ii) the officers, employees and/or directors of its Affiliates (other than those referred to in paragraph (a) above), provided that the Senior Finance Party shall notify the party that the Information disclosed is confidential;
    - (iii) any banking or other regulatory or examining authorities (whether governmental or otherwise) on whose instructions banks are accustomed to comply, upon an instruction to do so;
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- (iv) its or its Affiliates' professional advisors, agents, service providers (including its auditors, insurers or insurance brokers) and Representatives, provided that the Senior Finance Party shall notify the party that the Information disclosed is confidential;
- (v) any person (including to that person's Affiliates, Representatives and professional advisors) with whom:
  - (A) in accordance with Clause 28.2 ( *Transfers by Senior Lenders* ), it is proposing to enter, or has entered into, any kind of transfer, in relation to this Agreement; or
  - (B) it is proposing to enter into any risk transfer (including insurance) or similar arrangements in relation to this Agreement,

provided in each case that such person (other than any such person who is proposing to enter into or has entered into any such transaction with respect to all or any part of ADB's or JBIC's Commitment and/or Participation) has entered into an undertaking enforceable by the Borrower to keep the Information confidential, the terms of which are at least as favourable to the Borrower as the terms of this Clause 30.2 ( *Senior Finance Party Confidentiality* );
- (vi) upon any of the remedies listed in Clause 21.27 ( *Remedies* ) being taken, any potential purchaser of the Project or any part thereof, provided that the Senior Finance Party shall notify that potential purchaser that the Information is confidential and such entity has entered into an agreement that it will be bound by the provisions of this Clause 30 ( *Disclosure of Information* );
- (vii) any rating agency or direct or indirect provider of credit protection of a Senior Finance Party;
- (viii) if and to the extent permitted under Clause 28.5 ( *Sub-participations* );
- (ix) any person appointed by that Senior Finance Party to provide administration or settlement services in respect of one or more of the Senior Finance Documents, including in relation to the trading of participations in respect of the Senior Finance Documents, provided that the Senior Finance Party shall notify such person that the Information is confidential and such person has entered into an agreement that it will be bound by the provisions of this Clause 30 ( *Disclosure of Information* );
- (x) any other person if required by any applicable law or regulation; or
- (xi) any Specified International Finance Institution in relation to any violation of any of the provisions of Clause 16.16 ( *Business Practices* ).

### 30.3 ADB Disclosure Obligations

Without limiting Clause 30.2 ( *Senior Finance Party Confidentiality* ), the Borrower agrees that ADB may disclose any Information:

- (a) to the extent required, under the Public Communication Policy, to be made publicly available on ADB's website (www.adb.org) including, project data sheets ( " **PDS** " ) that provide for a brief factual summary of the Project and certain other information regarding the Project, an abbreviated version of the report and recommendation of the President of the ADB ( " **RRP** " ) prepared in connection with the approval of ADB's investment by the Board of Directors) and certain other documents as required by the Public Communication Policy provided that ADB shall not make publicly available any Information in any PDS, RRP or other report prepared by ADB without the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed;
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- (b) required to be disclosed under ADB's Accountability Mechanism Policy 2012, provided that no disclosure to the public shall be made of the Transaction Documents or any information of a commercially sensitive nature;
- (c) circulated to the ADB Board of Directors as part of its approval process and portfolio administration. The members of the ADB Board may also seek instructions from their constituents and the Board documents and other relevant Information may be distributed to representatives of the relevant member countries of ADB; or
- (d) to the extent required to be disclosed to the Clean Technology Fund or the Climate Change Fund for the Private Sector in Asia.

#### 30.4 **JBIC Disclosure Obligations**

Without limiting Clause 30.2 ( *Senior Finance Party Confidentiality* ), as a public financial institution, JBIC may disclose certain information to the general public or others which might form part of the Information pursuant to certain operating and internal procedures or policies affecting public institutions. There will be no limit on disclosures by JBIC if the Borrower, any Equity Parties or any Affiliates of any of them, or any of their advisors, auditors, shareholders and potential shareholders of any Borrower Entity, Equity Party or any Affiliate of any of them, whether before or after the Signing Date, violates any provision of any Senior Finance Document or otherwise cites any matter or agreement relating to the Project or any Senior Finance Document in connection with any other actual or potential project or financing.

#### 30.5 **Continuing Obligations**

This Clause 30 ( *Disclosure of Information* ) shall survive and continue in full force and effect for the benefit of each Party notwithstanding the repayment of any or all amounts outstanding under the Senior Finance Documents, cancellation or termination of the Senior Facilities or any Commitment or any part thereof and/or the termination of one or more types of banker-customer relationships between the Borrower and any of the Senior Finance Parties.

#### 31. **SET-OFF**

Subject to Clause 8 (Sharing ) of the Intercreditor Deed, a Senior Finance Party may, while an Event of Default is subsisting, set off any matured obligation owed by the Borrower under the Senior Finance Documents (to the extent beneficially owned by that Senior Finance Party) against any obligation (whether or not matured) owed by that Senior Finance Party to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Senior Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If any such obligation is unliquidated or unascertained, the Senior Finance Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

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## **32. SEVERABILITY**

If a provision of any Senior Finance Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of the Senior Finance Documents; or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of the Senior Finance Documents.

## **33. COUNTERPARTS**

Each Senior Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Senior Finance Document.

## **34. NOTICES**

### **34.1 Giving of Notices**

All notices or other communications under or in connection with the Senior Finance Documents shall be given in writing and, unless otherwise stated may be made by letter or facsimile (or if the recipient so agrees by electronic communication pursuant to Clause 34.3 ( *Electronic Communication* )). A copy of all notices and other communications shall also be sent via electronic mail to the recipient of the notice or other communication. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt;
- (b) if by facsimile, when received in legible form; and
- (c) if by way of electronic communication:
  - (i) if the recipient has agreed to receive the notice by electronic communication when received in legible form by the recipient; or
  - (ii) if it complies with the rules under Clause 34.3 ( *Electronic Communication* ).

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

### **34.2 Addresses for Notices**

- (a) The address and facsimile number of each Party (other than the Borrower, the Intercreditor Agent and the Facility Agents) for all notices under or in connection with the Senior Finance Documents are:
    - (i) those notified by that Party for this purpose to the Intercreditor Agent on or before the date it becomes a Party; or
    - (ii) any other notified by that Party for this purpose to the Intercreditor Agent with not less than five (5) Business Days' prior notice.
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- (b) The address and facsimile number of the Borrower are:

Sarulla Operations Ltd  
The Energy Building 51st Floor  
SCBD Lot. 11A  
Jl. Jend. Sudirman Kav 52-53  
Jakarta 12190, Indonesia

Attn: Chief Financial Officer  
Tel: +62 21 2995 1648  
Facsimile: +62 21 2995 1649  
E-mail: sol-finance@sarulla-geothermal.com

or such other as the Borrower may notify to the Intercreditor Agent with not less than five (5) Business Days' prior notice.

- (c) The address and facsimile number of the Intercreditor Agent are:

Mizuho Bank, Ltd.  
168 Robinson Road  
#11-01 Capital Tower  
Singapore 068912

Attn: Patricia Yap / Yvonne Ong  
Telephone: +65 6416 0644 / +65 6416 0633  
Facsimile: +65 6416 0658 / +65 6416 0659  
E-mail: patricia.yap@mizuho-cb.com / yvonne.ong@mizuho-cb.com

or such other as the Intercreditor Agent may notify to the other Parties with not less than five (5) Business Days' prior notice.

- (d) The address and facsimile number of the Covered Lenders Facility Agent are:

Mizuho Bank, Ltd.  
168 Robinson Road  
#11-01 Capital Tower  
Singapore 068912

Attn: Patricia Yap / Yvonne Ong  
Telephone: +65 6416 0644 / +65 6416 0633  
Facsimile: +65 6416 0658 / +65 6416 0659  
E-mail: patricia.yap@mizuho-cb.com / yvonne.ong@mizuho-cb.com

or such other as the Covered Lenders Facility Agent may notify to the other Parties with not less than five (5) Business Days' prior notice.

- (e) The address and facsimile number of the JBIC Facility Agent are:

Mizuho Bank, Ltd.  
168 Robinson Road  
#11-01 Capital Tower  
Singapore 068912

Attn: Patricia Yap / Yvonne Ong  
Telephone: +65 6416 0644 / +65 6416 0633  
Facsimile: +65 6416 0658 / +65 6416 0659  
E-mail: patricia.yap@mizuho-cb.com / yvonne.ong@mizuho-cb.com

or such other as the JBIC Facility Agent may notify to the Intercreditor Agent with not less than five (5) Business Days' prior notice.

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- (f) All notices from or to a Borrower Entity shall be sent through the Intercreditor Agent or, where required under the Senior Finance Documents, a Facility Agent.
- (g) The Intercreditor Agent shall, promptly upon request from any Party, give to that Party the address or facsimile number of any other Party applicable at the time for the purposes of this Clause 34 ( *Notices* ).

#### 34.3 **Electronic Communication**

- (a) Any communication to be made to any Party under or in connection with the Senior Finance Documents may be made by electronic mail or other electronic means, if that Party:
  - (i) agrees that, unless and until notified to the contrary, this is an accepted form of communication (and notification to the contrary has not been given);
  - (ii) notifies each other Party in writing of its electronic mail address and/or any other information required to enable the sending and receipt of information to it by that means; and
  - (iii) notifies each other Party of any change to its address or any other such information supplied by them.
- (b) Any electronic communication made will be effective only when actually received in readable form and in the case of any electronic communication made to the Intercreditor Agent only if it is addressed in such a manner as the Intercreditor Agent shall specify for this purpose.

#### 35. **LANGUAGE**

- (a) Any notice given under or in connection with any Senior Finance Document must be in English.
  - (b) All other documents provided under or in connection with any Senior Finance Document must be:
    - (i) in English; or
    - (ii) if not in English, and if so required by the Intercreditor Agent, accompanied by a certified English translation (at the Borrower's cost) and, in such case, the English translation will prevail unless the document is a constitutional, statutory or other official document.
  - (a) This Agreement and the other Senior Finance Documents which any counterparty thereto is incorporated in Indonesia are originally executed in both the English language and Bahasa Indonesia.
  - (b) The Parties agree that, in the event of inconsistency between the Bahasa Indonesia version and the English version of any Senior Finance Document, the English version shall prevail and the Borrower shall, promptly upon request by the Intercreditor Agent, amend the relevant Bahasa Indonesia text to conform with the relevant English text and the Parties shall execute such documentation as the Intercreditor Agent may reasonably require to give full legal effect to such amendment(s).
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## 36. DISPUTE RESOLUTION

### 36.1 Disputes

- (a) Any dispute, controversy or claim arising out of, relating to, or in connection with this Agreement, including one regarding the breach, existence, validity or termination of this Agreement or the consequences of its nullity and any non-contractual or other dispute (each a “ **Dispute** ”) shall be finally settled by arbitration. The arbitration shall be conducted in accordance with the Rules of the Singapore International Arbitration Centre in effect at the time of the arbitration (the “ **Rules** ”), except as they are modified by the provisions of this Agreement.
- (b) The seat of the arbitration shall be Singapore and the arbitration shall be conducted in the English language.

### 36.2 Arbitrators

- (a) The arbitration shall be conducted by three arbitrators appointed in accordance with the Rules.
- (b) The two arbitrators nominated by the Parties shall nominate a third arbitrator to be the presiding arbitrator (the “ **Presiding Arbitrator** ”) within fourteen (14) days after the nomination of the second arbitrator, failing which the Presiding Arbitrator shall be appointed by the President of the Court of Arbitration of the Singapore International Arbitration Centre.
- (c) All the arbitrators shall be qualified lawyers admitted to practice in England and Wales.

### 36.3 Award

- (a) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the Parties. To the fullest extent permitted under any Applicable Law, the Parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.
- (b) Unless the arbitral tribunal determines, in its discretion, that more time is necessary, the Parties shall use their best efforts to enable the arbitral tribunal to conduct the arbitration and the final hearing within 6 months of the service of the relevant statement of claim, with the expectation that the final award will follow as soon as possible thereafter.
- (c) The arbitral award shall be made and payable in Dollars, free of any tax or other deduction.

### 36.4 Interim Measures

- (a) The Intercreditor Agent may apply before the arbitral tribunal is appointed to a court for interim measures of protection or pre-award relief, including injunctive, attachment, and conservation orders (“ **Interim Measures** ”). The Parties agree that seeking and obtaining such court-ordered Interim Measures shall not waive the right to arbitration.
  - (b) Subject to paragraph (c) below, the arbitral tribunal (or, where the full tribunal is unable to act quickly enough, the presiding arbitrator acting alone) may grant Interim Measures. Hearings on requests for Interim Measures may be held in person, by telephone or video conference, or by other means that permit the Parties to the Dispute to present evidence and arguments. The Borrower may be required to provide appropriate security in connection with such measures.
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- (c) The arbitral tribunal and any emergency arbitrator shall not be authorised to take or provide, and the Borrower agrees that it shall not seek from any judicial authority, any Interim Measures against any Senior Finance Party, its property or assets.

#### 36.5 **Confidentiality**

The Parties agree and undertake to abide by the confidentiality provisions of the Rules save that Rule 35.2 shall not restrict the disclosure of Information to the extent that any Party is permitted to disclose any Information pursuant to the provisions in this Agreement.

#### 36.6 **Consolidation**

- (a) In order to facilitate the comprehensive resolution of related disputes, the arbitral tribunal first convened (“ **First Tribunal** ”) in an existing arbitral proceeding (“ **Existing Arbitration** ”) issued under this Agreement or any other Senior Finance Document (“ **Related Agreement** ”) may direct, upon request by any Party, the consolidation of any other arbitration proceeding involving some or all of the Parties to this Agreement or a Related Agreement, to be decided by the First Tribunal in a single arbitral proceeding together with the Existing Arbitration. In deciding whether to consolidate arbitrations, the First Tribunal shall have regard to, *inter alia* , whether:
  - (i) there are issues of fact or law common to the arbitrations so that a consolidated proceeding would be more efficient than separate proceedings;
  - (ii) the rights to relief claimed are in respect of or arise out of the same transaction or series of transactions; and
  - (iii) any party would be materially prejudiced as a result of consolidation, through undue delay or otherwise.
- (b) The Parties agree that every party to arbitrations sought to be consolidated shall be invited to make submissions to the First Tribunal in respect of each consolidation application. The Parties undertake to adhere to and to cause the adherence to the consolidation decision of the First Tribunal.

#### 36.7 **Waiver of immunity**

Each Borrower Entity irrevocably and unconditionally:

- (a) agrees not to claim any immunity from any proceedings brought by a Senior Finance Party against it in relation to a Senior Finance Document and to ensure that no such claim is made on its behalf;
- (b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
- (c) waives all rights of immunity in respect of it or its assets.

#### 36.8 **ADB Immunities and Privileges**

Nothing in this Agreement, or any agreement, understanding or communication relating to this Agreement (whether before or after the date of this Agreement), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to ADB under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law.

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**37. GOVERNING LAW**

This Agreement, and all non-contractual obligations arising from or in connection with this Agreement, are governed by English law.

**38. ENTIRE AGREEMENT**

This Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall, subject to Clause 1.7 ( *Supremacy* ), prevail.

This Agreement has been entered into as a deed on the Signing Date.

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**Schedule 1**

The Senior Lenders

**PART A – JBIC**

| <u>Name and Lending Office</u>                            | <u>Commitment on Closing Date</u> |
|-----------------------------------------------------------|-----------------------------------|
| JBIC                                                      | USD492,000,000                    |
| 4-1 Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan  |                                   |
| Fax Number: +81-3-5218-3963                               |                                   |
| Attention: Division 2, Power and Water Finance Department |                                   |

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**PART B – ADB**

**1. ADB Tranche A**

| <u>Name and Lending Office</u>                                                                 | <u>Commitment on Closing Date</u> |
|------------------------------------------------------------------------------------------------|-----------------------------------|
| Asian Development Bank, in its individual capacity                                             | ADB Tranche A, USD250,000,000     |
| 6 ADB Avenue, Mandaluyong, Metro Manila, Philippines 1550                                      |                                   |
| Fax Number: (632) 636 2087                                                                     |                                   |
| Attention : Director, Infrastructure Finance, Division 2, Private Sector Operations Department |                                   |

**2. ADB Tranche B**

| <u>Name and Lending Office</u>                                                                                                                                           | <u>Commitment on Closing Date</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Asian Development Bank, not in its individual capacity but solely in its capacity as an implementing entity for the Clean Technology Fund administered by the World Bank | ADB Tranche B, USD80,000,000      |
| 6 ADB Avenue, Mandaluyong, Metro Manila, Philippines 1550                                                                                                                |                                   |
| Fax Number: (632) 636 2087                                                                                                                                               |                                   |
| Attention : Director, Infrastructure Finance, Division 2, Private Sector Operations Department                                                                           |                                   |

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3. ADB Tranche C

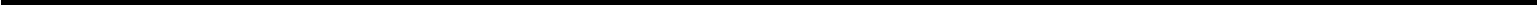
| <u>Name and Lending Office</u>                                                                                                                                                                                                                                                                                           | <u>Commitment on Closing Date</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Asian Development Bank, not in its individual capacity but solely in its capacity as an implementing entity of the Canadian Climate Fund for the Private Sector in Asia under the Clean Energy Financing Partnership Facility (established by the Government of Canada), agrees to provide ADB Tranche C to the Borrower | ADB Tranche C, USD20,000,000      |
| 6 ADB Avenue, Mandaluyong, Metro Manila, Philippines 1550                                                                                                                                                                                                                                                                |                                   |
| Fax Number: (632) 636 2087                                                                                                                                                                                                                                                                                               |                                   |
| Attention : Director, Infrastructure Finance, Division 2, Private Sector Operations Department                                                                                                                                                                                                                           |                                   |

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**PART C – Covered Lenders**

| <u>Name and Lending Office</u>                                                                 | <u>Commitment on Closing Date</u> |
|------------------------------------------------------------------------------------------------|-----------------------------------|
| The Bank of Tokyo-Mitsubishi UFJ, Ltd.                                                         | USD61,788,169                     |
| 9 Raffles Place #01-01, Republic Plaza, Singapore 048619                                       |                                   |
| Fax Number: +65 6231-1493                                                                      |                                   |
| Attention: Ryutaro Suzuki                                                                      |                                   |
| ING Bank N.V., Tokyo Branch                                                                    | USD50,048,417                     |
| Marunouchi Trust Tower Main 19F                                                                |                                   |
| 1-8-3, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan                                           |                                   |
| Administration Matters:                                                                        |                                   |
| Fax Number: +81 (3) 3217 0307<br>with copy to + 65 6539-7748                                   |                                   |
| Attention: Yoko Shibuya / Keiko Sakuma<br>with copy to GSO Lending (Leroy Rojas / Dolores Lim) |                                   |
| Credit Matters:                                                                                |                                   |
| Fax Number: +81 3 3217 0313<br>with copy to +65 6535-1195                                      |                                   |
| Attention: Project & Export Finance<br>with copy to Adrian Lian / David Uy /<br>Erwin Maspolim |                                   |
| Société Générale, Tokyo Branch                                                                 | USD61,788,169                     |
| Ark Mori Bldg, 14F, 12-32, Akasaka 1-Chome, Minato-ku, Tokyo, Japan                            |                                   |
| Fax Number: + 81 3 5549 5839                                                                   |                                   |
| Attention: Atsushi Yamashita, Hiroyuki Nishiguchi, Export & Project Finance Department         |                                   |

| <u>Name and Lending Office</u>                                    | <u>Commitment on Closing Date</u> |
|-------------------------------------------------------------------|-----------------------------------|
| Sumitomo Mitsui Banking Corporation, Singapore Branch             | USD61,788,169                     |
| 3 Temasek Avenue                                                  |                                   |
| #06-01, Centennial Tower                                          |                                   |
| Singapore - 039190                                                |                                   |
| Fax Number: + 65 6882-0023                                        |                                   |
| Attention: Ms. Cathrine Lai / Ms. Nancy Chew / Ms. Kelly Woon     |                                   |
| COPY TO                                                           |                                   |
| Fax Number: +65 6883-0335                                         |                                   |
| Attention: Ms. Lo Kah Nian / Mr. William Chan / Ms. Stephanie Lim |                                   |
| Mizuho Bank, Ltd., Singapore Branch                               | USD61,788,169                     |
| 168 Robinson Road                                                 |                                   |
| #11-01 Capital Tower                                              |                                   |
| Singapore 068912                                                  |                                   |
| Fax Number: +65 6416-0656                                         |                                   |
| Attention: Mr. Andrew Lee                                         |                                   |



| Name and Lending Office                                                                                                                                       | Commitment on Closing Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| National Australia Bank Limited, Tokyo Branch<br><br>Muromachi Higashi Mitsui Building<br>18F, 2-2-1 Nihonbashi Muromachi<br>Chuo-ku<br>Tokyo 103-0022, Japan | USD30,894,085              |
| Fax Number: +81 (3) 3241 8951                                                                                                                                 |                            |
| Attention: Hiroyoshi Okayama / Masato Hori                                                                                                                    |                            |
| COPY TO                                                                                                                                                       |                            |
| Address: Level 27, One Pacific Place<br>88 Queensway, Admiralty<br>Hong Kong                                                                                  |                            |
| Attention: Jo Jo Law / Teresa Chung                                                                                                                           |                            |
| Fax Number: +852 2845 9251                                                                                                                                    |                            |
| Email: nabhk_lending_admin@nabasia.com                                                                                                                        |                            |
| COPY TO                                                                                                                                                       |                            |
| Address: Level 24<br>NAB House, 255 George St<br>Sydney NSW 2000<br>Australia                                                                                 |                            |
| Attention: Will Taylor / Dearn Stojansek                                                                                                                      |                            |
| Fax Number: +61 1300 764 759                                                                                                                                  |                            |
| Email: nab.est.lending.administration@nab.com.au                                                                                                              |                            |
| COPY TO                                                                                                                                                       |                            |
| Address: 12 Marina View<br>#20-02 Asia Square Tower 2<br>Singapore 018961                                                                                     |                            |
| Attention: Quincy Chan / Lin Xi Lee                                                                                                                           |                            |
| Fax Number: +65 6844-9868                                                                                                                                     |                            |
| Email: quincy.chan@nabasia.com /<br>lin.xi.lee@nabasia.com                                                                                                    |                            |



## Schedule 2

### Documentary Conditions Precedent

#### PART A : Documentary Conditions Precedent to First Advance

##### 1. Constitutional Documents

A certified true and correct copy of the Constitutional Documents of each Borrower Entity and each Equity Party.

##### 2. Corporate Authorisations

- (a) Certified true and correct copies of all documentation evidencing the corporate action taken by each Borrower Entity and Equity Party, including resolutions of its boards of directors, its shareholders (if such resolutions are required) and, in the case of any Indonesian entity, resolutions of its board of commissioners (if such resolutions are required):
  - (i) approving the terms of, and the transactions contemplated by, the Senior Finance Documents to which it is a party and resolving that it execute, deliver and perform the Senior Finance Documents to which it is a party;
  - (ii) authorising a specified person or persons to execute the Senior Finance Documents to which it is a party on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Drawdown Notice) to be signed and/or despatched by it under or in connection with the Senior Finance Documents to which it is a party.
- (b) A specimen of the signature of each person authorised by the resolution referred to in paragraph (a) above in relation to the Senior Finance Documents and related documents.
- (c) A certificate of an authorised signatory of each Borrower Entity certifying that each copy document relating to it specified in this Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement.

##### 3. Senior Finance Documents and Related Documents

- (a) Copies (with originals to follow as soon as reasonably practicable thereafter) or originals of each Senior Finance Document duly executed by all parties to them and which are in full force and effect, together with evidence that any notice, acknowledgement, consent or other document to be delivered thereunder has been given or obtained (for the avoidance of doubt, excluding acknowledgements regarding assignments of any reinsurance policies), other than:
    - (i) the Hedging Agreements, which shall have been duly executed by all parties to them but which need not be in full force and effect; and
    - (ii) the Direct Agreement to be provided with respect to Technical Support Agreement to be entered into by the Operator and Medco.
-

- (b) Confirmation by the Intercreditor Agent that all amounts then due and payable under the Senior Finance Documents shall have been paid in full (except for those amounts which are to be funded from the proceeds of the First Advance) .

#### **4. Security**

- (a) Subject to paragraph (c) below, evidence that the Transaction Security has been validly created by the relevant Security Documents and perfected, including that all registrations, filings and notations have been completed, all notices have been delivered, all acknowledgements and/or consents have been obtained and all other requirements set out in the Security Documents to be satisfied by the Closing Date have been satisfied.
- (b) Without limiting paragraph (a) above but subject to paragraph (c) below, where required, evidence that the Transaction Security has been registered, notarised, filed with or approved by any Governmental Authority or any other relevant authority or person.
- (c) Paragraphs (a) and (b) above exclude:
  - (i) acknowledgements regarding assignments of any reinsurance policies, provided that an email acknowledgement shall have been provided by each Reinsurer with respect to the Security Interest effected pursuant to the Security Documents in the Reinsurance issued by it; and
  - (ii) evidence of the registration of any fiduciary Security Interest created pursuant to any Onshore Security Document, but only if and to the extent that:
    - (A) not less than one Business Day before the delivery of the First Drawdown Notices, the Borrower delivers a written notice to the Intercreditor Agent requesting that the Intercreditor Agent provides its consent pursuant to this paragraph (c)(ii); and
    - (B) the Intercreditor Agent provides its written consent,in which case Clause 3.2(c)(ii) ( *Conditions Precedent to all Advances* ) will apply (unless otherwise specified by the Intercreditor Agent acting on the instructions of all of the Senior Lenders).

#### **5. Project Documents, Equity Documents and Related Documents**

- (a) Certified copies of the Project Documents (other than the Medco Technical Support Agreement) and the Equity Documents, including any amendments and restatements thereto, duly executed by all parties thereto.
  - (b) Certified copies of the Bahasa versions of each Project Document (other than the Medco Technical Support Agreement) and the Equity Documents to which there is a counterparty domiciled in Indonesia, including any amendments and restatements thereto, in each case duly executed by all parties thereto.
-

- (c) Certified copies of all performance, advance payment and other bonds required under the documents set out in paragraph (a) above including each Construction Bond (other than the warranty bond), and the Performance Security Stage II (as defined in the ESC) to have been established (other than those to be established upon or after the First Advance).
- (d) Evidence that all conditions precedent under each of the Initial Drilling Contract, the Power Plant Contracts, the New DoA and the First ESC Amendment (as amended by the Second ESC Amendment) which are required under such document to be satisfied have been fulfilled or waived by the counterparty to that document in accordance with the terms of the relevant document or will be met on the First Drawdown Date, in each case other than any condition precedent that the First Advance has been made.
- (e) Evidence that each LNTP and the Notice to Proceed has been issued (or will, in the case of the Notice to Proceed, be issued on or prior to the First Drawdown Date under the Senior-1 Facilities) under the Initial Drilling Contract.
- (f) Evidence that each LNTP and Notice to Proceed has been issued (or will, in the case of the Notice to Proceed, be issued on or prior to the First Drawdown Date under the Senior-1 Facilities and the Senior-2 Facilities will be fully drawn at that time) under the Power Plant Construction Contract and the Power Plant Supply Contract.
- (g) A copy of the amended and restated NORC and NOID (each as defined in the ESC) and evidence that such NORC and NOID has been validly delivered to PLN and PGE in accordance with the ESC.
- (h) A report describing, in reasonable detail, the parts of the Contract Area to be surrendered pursuant to Articles 3.1 to 3.3 of the Contract Area, and the reasons for selecting such areas to the satisfaction of the Senior Lenders' Reserves Consultant and Senior Lenders' Technical Advisor.
- (i) With respect to the Operations Committee:
  - (i) a copy of the Borrower's draft Operations Committee Procedures; and
  - (ii) evidence that the members of the Operations Committee have been appointed.

**6. Budgets and Plans**

A copy of each initial:

- (a) Project Budget;
- (b) Project Schedule; and
- (c) Drilling Program.

**7. Senior Lenders' Advisors' and Legal Counsels' Reports**

- (a) Copies of the Senior Lenders' Advisors Appointment Letters duly executed by all parties thereto.
-

- (b) The final reports of:
  - (i) each of international and Indonesian legal counsel to the Senior Lenders; and
  - (ii) each of the Lenders' Advisors,each in form and substance satisfactory to the Intercreditor Agent.

**8. Land**

- (a) Evidence that all land comprising:
  - (i) the Project Site has been purchased in the name of PGE; and
  - (ii) the Special Facilities Land has been purchased in the name of PLN,and that all payments in respect of such purchases have been made.
- (b) Evidence that all applications for HGB Certificates for all land comprising the Project Site have been lodged with the appropriate authorities.
- (c) Either:
  - (i) copies of all HGB Certificates for the Project Site, which show that PGE is the owner of the Project Site; or
  - (ii) a memorandum of legal advice from Indonesian legal counsel to the Senior Lenders with respect to the issuance of HGB Certificates for the Project Site and the Special Facilities Land on or before the Conditions Subsequent Cut-Off Date.

**9. Environmental and Social Matters**

- (a) A certified copy of each of the Safeguards and Social Documents.
  - (b) Certification from the Senior Lenders' Environmental and Social Consultant that:
    - (i) the Safeguards and Social Documents are, or will (through timely implementation of the Environmental and Social Action Plan) be, consistent with the Safeguards Requirements (as applicable); and
    - (ii) to the extent any aspect of the Environmental and Social Management System for the drilling and construction phase of the Project is to be implemented at a later date, all arrangements necessary for such timely implementation have been made through the Environmental and Social Action Plan.
  - (c) Certification from the Senior Lenders' Environmental and Social Consultant that the Construction and Drilling Contracts are consistent with the Safeguards and Social Documents and that appropriate mechanisms and safeguards are or will (through timely implementation of the Environmental and Social Action Plan) be in place (including through appropriate project management plans to be implemented by the Borrower), for compliance by each Contractor with the Safeguards and Social Documents.
  - (d) Evidence of approval of the AMDAL, ESIA (including the ESMP) and any environmental monitoring plan from the applicable Governmental Authority.
-

**10. Government Approvals**

- (a) Evidence that the PKLN Team has approved the Senior Loans to be advanced pursuant to the provisions of the Senior Finance Documents.
- (b) Certified copies of all Material Governmental Authorisations set out in Part A of Schedule 6 ( *Material Governmental Authorisations* ).

**11. Project Insurance**

A certificate from the Senior Lenders' Insurance Consultant attaching relevant insurance brokers' letters and certifying that all Project Insurances set out in Part A of Schedule 7 ( *Project Insurances* ) that are required to have been obtained as of the First Drawdown Date and all reinsurances that are required with respect to such Project Insurances have been taken out or caused to be taken out by the Borrower and are in full force and effect or will be entered into and be in full force and effect immediately upon the First Advance.

**12. Financial Matters**

- (a) The Financial Model, audited by the Senior Lenders' Model Auditor and which incorporates the comments (if any) of the Senior Lenders' Model Auditor.
  - (b) With respect to the costs referred to in paragraph (a) of the definition of Project Costs in Clause 1.1 ( *Definitions* ):
    - (i) a certificate signed by an Authorised Representative of the Operator certifying that:
      - (A) such costs have been or will be reasonably and necessarily incurred in the development and construction of the Project and that such costs have been or will be paid; and
      - (B) all information reasonably necessary to verify the statement in subparagraph (A) above has been provided to the Senior Lenders' Model Auditor;
    - (ii) a certification by Senior Lenders' Model Auditor that, based on its' review of the information provided by the Operator to the Senior Lenders' Model Auditor, it does not disagree in any material respect with any part of the certificate delivered pursuant to paragraph (b) (i) above; and
    - (iii) evidence that such costs have either:
      - (A) been converted into interests in the registered share capital of any Borrower Entity with a nominal value equal to the amount of such development costs (as audited); or
      - (B) been made available to the relevant Borrower Entity by any Shareholder pursuant to a Subordinated Shareholder Loan Agreement.
  - (c) Evidence demonstrating the amount of Equity that has been contributed to the Borrower in total and by each Shareholder, in each case which has been applied or will be applied to fund Project Costs, and the Intercreditor Agent shall, for the purpose of Clause 5.7(b) ( *Utilisation of Equity Commitments* ) of each Equity Support Deed, confirm to the Sponsors the amount of such Equity which shall qualify as a reduction or utilisation of each Sponsor's Core Base Equity Commitment (as that term is defined in the relevant Equity Support Deed).
-

- (d) Evidence of payment of all outstanding fees and expenses of each of the Senior Lenders' Advisors and Senior Lenders' legal advisors (or that such fees and expenses will be paid on the First Drawdown Date).

**13. Financial Statements**

- (a) The most recent:
  - (i) audited annual Borrower's Consolidated Financial Statements (excluding the reconciliation statement referred to in Clause 15.3(a)(iii) ( *Form of financial statements* ));
  - (ii) certified unaudited quarterly Borrower's Consolidated Financial Statements (excluding the reconciliation statement referred to in Clause 15.3(a)(iii) ( *Form of financial statements* )); and
  - (iii) audited annual financial statements of each Sponsor.
- (b) Evidence of the appointment of the auditors of the unincorporated joint venture constituted by the Borrower Entities.

**14. Project Accounts**

Evidence that:

- (a) the Project Accounts have been established in accordance with the terms of the Accounts Agreement; and
- (b) the Trust Accounts have been established with the Trust Account Bank in accordance with the terms of the Trust Account Agreement.

**15. Legal Opinions**

Receipt of legal opinions addressed to the Senior Finance Parties from:

- (a) Ali Budiardjo, Nugroho, Reksodiputro, Indonesian legal counsel to the Senior Finance Parties;
  - (b) Latham & Watkins LLP, English and Singapore legal counsel to the Senior Finance Parties;
  - (c) Walkers (Singapore) Limited Liability Partnership, Cayman Islands legal counsel to the Senior Finance Parties;
  - (d) Milbank, Tweed, Hadley & McCloy LLP, English legal counsel to the Borrower;
  - (e) Baker & McKenzie.Wong & Leow, English legal counsel to the Borrower;
  - (f) Hadiputranto, Hadinoto & Partners, Indonesian counsel to the Borrower;
  - (g) Lubis Santosa Maramis Law Firm, Indonesian legal counsel to the Medco Borrower Entity and Medco;
  - (h) Nah'r Murdono Law Office , Indonesian legal counsel to PLN;
-

- (i) Makarim & Taira S. , Indonesian legal counsel to PGE;
- (j) Susandarini & Partners, Indonesian legal counsel to the Initial Drilling Contractor;
- (k) Yulchon LLC., Korean legal counsel to the Power Plant Supply Contractor;
- (l) Indonesian legal counsel to the Indonesian Contractor;
- (m) Maples and Calder (Singapore) LLP , Cayman Islands legal counsel to the Ormat HoldCo, Ormat Shareholder, Ormat Borrower Entity, Operator, Itochu Shareholder and Itochu Borrower Entity;
- (n) Squire Sanders Miki Yoshida Gaikokuho Kyodo Jigyo Horitsu, Japanese legal counsel to Itochu;
- (o) Fukuoka International Law Offices , Japanese legal counsel to Kyushu, the Kyushu Shareholder and WestJEC;
- (p) Allen & Gledhill LLP, Singapore legal counsel to the Kyushu Borrower Entity;
- (q) Pestalozzi Attorneys at Law Ltd. , Swiss legal counsel to the Initial Drilling Contractor Guarantor;
- (r) Perkins Coie LLP, Washington state legal counsel to NAES; and
- (s) Morris, Nichols, Arsht & Tunnell LLP , Delaware legal counsel to Ormat.

**16. General**

- (a) Evidence of acceptance by the agents for service of process, in form and substance acceptable to the Senior Lenders, in respect of all appointments to be made by the Borrower, the Shareholders and the Sponsors under the terms of the relevant Offshore Security Documents.
  - (b) To the extent payable prior to the First Drawdown Date, evidence that all stamp duties, fees and charges in relation to the Senior Finance Documents and filing thereof have been paid.
  - (c) Each Senior Finance Party has confirmed that all of its Know Your Customer Requirements in relation to the Project have been satisfied.
  - (d) A list of each day of the 2014 calendar year in which banks are not open for business in each of Jakarta, Manila and Singapore.
  - (e) An indicative schedule for the drawdown of Advances.
  - (f) The Intercreditor Agent is satisfied that (i) the First Drawdown Date as contemplated by the First Drawdown Notices is scheduled to occur on or before the Financial Close Deadline (as that term is defined in Article 1.3 of the First ESC Amendment (as amended by the Second ESC Amendment)), as such date may be extended (including by way of a waiver) pursuant to documentation in form and substance approved by the Intercreditor Agent or (ii) equivalent arrangements satisfactory to the Intercreditor Agent in all respects are in effect.
-

## **PART B : Documentary Conditions Precedent to each Advance**

### **1. Initial Drilling Contract Project Costs**

In relation to any Advance to be used to fund Project Costs incurred under the Initial Drilling Contract:

- (a) a certificate signed by an Authorised Representative of the Operator:
  - (i) detailing the Project Costs to be funded (or reimbursed) by the proceeds of the Advance; and
  - (ii) confirming that the Project Costs have already been incurred or are expected to be incurred within the period of 60 days following the date of the Drawdown Notice; and
- (b) a Senior Lenders' Reserves Consultant's certificate (substantially in the form previously approved by the Intercreditor Agent) confirming that:
  - (i) it does not disagree in any material respect with any part of the certificate delivered pursuant to paragraph (a) above;
  - (ii) there is no reason to believe that the progress of the Work (as defined in the Initial Drilling Contract) to date is inconsistent with the most recent approved Project Schedule and the most recent Construction and Drilling Progress Report ;
  - (iii) there is no reason to believe that any of the remaining Project Milestones in relation to the Work (as defined in the Drilling Contract) will not occur by the applicable Project Milestone Dates;
  - (iv) it is not aware of any event or circumstance that is likely to result in:
    - (A) the Lenders' Completion Date not being achieved by the Lenders' Completion Sunset Date; or
    - (B) any Unit COD being achieved by the Unit COD Sunset Date for that Generating Unit; and
  - (v) confirming that, in its opinion, no Forecast Funding Shortfall is outstanding.

### **2. Power Plant Contract Project Costs**

In relation to any Advance to be used to fund Project Costs incurred under a Power Plant Contract:

- (a) a certificate signed by an Authorised Representative of the Operator:
    - (i) detailing the Project Costs to be funded (or reimbursed) by the proceeds of the Advance; and
    - (ii) confirming that the Project Costs have already been incurred or are expected to be incurred within the period of 60 days following the date of the Drawdown Notice; and
-



- (b) a Senior Lenders' Technical Advisor's certificate (substantially in the form previously approved by the Intercreditor Agent) confirming that:
  - (i) it does not disagree in any material respect with any part of the certificate delivered pursuant to paragraph (a) above;
  - (ii) there is no reason to believe that the progress of the Works to date is inconsistent with the most recent approved Project Schedule and the most recent Construction and Drilling Progress Report ;
  - (iii) there is no reason to believe that any of the remaining Project Milestones in relation to the Works will not occur by the applicable Project Milestone Dates;
  - (iv) it is not aware of any event or circumstance that is likely to result in:
    - (A) the Lenders' Completion Date not being achieved by the Lenders' Completion Sunset Date; or
    - (B) any Unit COD being achieved by the Unit COD Sunset Date for that Generating Unit; and
  - (v) confirming that, in its opinion, no Forecast Funding Shortfall is outstanding.

### **3. Other Project Costs**

In relation to any Advance to be used for a purpose otherwise than that specified in paragraphs 1 ( *Initial Drilling Contract Project Costs* ) or 2 ( *Power Plant Contract Project Costs*) above, a certificate signed by an Authorised Representative of the Operator:

- (a) detailing the Project Costs to be funded (or reimbursed) by the proceeds of the Advance;
- (b) confirming that the Project Costs have already been incurred or are expected to be incurred within the period of 60 days following the date of the Drawdown Notice; and
- (c) confirming that no Forecast Funding Shortfall is outstanding.

### **4. Senior Finance Documents and Related Documents**

- (a) To the extent that such original documents have not already been delivered to the Intercreditor Agent, originals of all Security Documents required to be in force on the relevant Drawdown Date duly executed by all parties thereto.
- (b) Evidence that all filings and registrations in connection with any Security Documents required to be in force on the relevant Drawdown Date (which have not been previously delivered to the Intercreditor Agent) have been made as required by Applicable Law and the Senior Finance Documents.

### **5. Borrower Certifications**

A certificate signed by a director of the Operator stating:

- (a) whether or not it believes that there is or will be a Forecast Funding Shortfall on the date of the Drawdown Notice and the Drawdown Date of the relevant Advance, together with supporting calculations (in reasonable detail);
  - (b) that all representations and warranties of the Borrower specified in Clause 13.29 ( *Time for Making Representations and Warranties*) which are to be made or repeated on the date of the Drawdown Notice are true in all material respects; and
  - (c) that no Default is subsisting on the date of the Drawdown Notice.
-

### Schedule 3

#### Hedging Programme

Through the implementation of the following programme, the Borrower will fulfil its hedging requirements with regard to USD interest rate hedging. The Borrower shall enter into Hedging Transactions for the period specified in the column headed “Schedule”, for an amount at least equal to the amount calculated in accordance with the column headed “Minimum Cumulative Amount”, an amount not more than the amount calculated in accordance with the column “Maximum Cumulative Amount”.

| Schedule                                                                                                                                                  | Minimum Cumulative Amount                                                                                                                                                                                      | Maximum Cumulative Amount                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| During the period commencing not later than the Business Day immediately before the Closing Date and ending on but excluding the Lenders’ Completion Date | Ninety per cent. (90%) of all Floating Rate Senior Loans outstanding on each Interest Payment Date (as contemplated by the indicative drawdown schedule delivered as a Condition Precedent to Financial Close) | One hundred per cent. (100%) of all Floating Rate Loans outstanding at any time |
| During the period commencing on the Lenders’ Completion Date and ending not earlier than the Final Maturity Date                                          | Eighty per cent. (80%) of all Floating Rate Senior Loans outstanding at any time                                                                                                                               | One hundred per cent. (100%) of all Floating Rate Loans outstanding at any time |

---

**Schedule 4**

**Form Of Deed Of Novation – Senior Lenders**

**Dated**

**20[•]**

**[•]**

as Existing Senior Lender

and

**[•]**

as New Senior Lender

---

**DEED OF NOVATION**

relating to

**SARULLA GEOTHERMAL POWER PROJECT**

---

**LATHAM & WATKINS** LLP

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619  
(65) 6536 1161 (Tel)  
(65) 6536 1171 (Fax)  
[www.lw.com](http://www.lw.com)

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## DEED OF NOVATION

### ([●] FACILITY AGREEMENT)

This DEED OF NOVATION (“ **Deed** ”) is entered into as of the date set forth on Schedule 1 ( *Description of Novated Interest* ) attached hereto (the “ **Effective Date** ”);

#### AMONG:

- (1) [●] (the “ **Existing Senior Lender** ”); and
- (2) [●] (the “ **New Senior Lender** ”).

(referred to collectively as the “ **Parties** ” and each individually as a “ **Party** ”).

#### BACKGROUND

- (A) The Parties refer to the [●] Facility Agreement, dated [●], 2014, among the Borrower[, the [●] Facility Agent]<sup>1</sup> and the Senior Lenders party thereto (as amended, modified or supplemented from time to time, and in effect on the date hereof, the “[●] **Facility Agreement** ”) and the Common Terms Agreement dated [●], 2014, among the Borrower, the Offshore Security Agent, the Intercreditor Agent and the financial institutions and trusts named therein (the “ **Common Terms Agreement** ”).
- (B) The Existing Senior Lender wishes to assign and sell certain rights and novate certain obligations with respect to the credit provided to the Borrower pursuant to the [●] Facility Agreement and Schedule 1 ( *Description of Novated Interest* ) to this Deed, and the New Senior Lender wishes to purchase and accept such rights and assume such obligations, all as set forth below.

IT IS AGREED as follows:

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 Defined Terms in the Common Terms Agreement

Terms defined in the Common Terms Agreement shall have the same meaning in this Deed unless they are otherwise defined in this Deed or the context otherwise requires.

##### 1.2 Construction and Interpretation

The provisions of Clause 1.2 ( *Construction* ), Clause 1.3 ( *Successors and Assigns* ) and Clause 1.4 ( *Miscellaneous* ) of the Common Terms Agreement shall apply to this Deed *mutatis mutandis* as if the same had been set out in full herein, with each reference to the Common Terms Agreement being deemed to be a reference to this Deed.

##### 1.3 Third Party Rights

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Deed and no person not party to this Deed shall have or acquire any right to enforce any term of it pursuant to that Act, unless this Deed expressly provides that such person has rights under it or is entitled to benefit from its provisions. This Clause 1.3 ( *Third Party Rights* ) shall not affect any right or remedy of any third party which exists or is available otherwise than by reason of that Act and shall prevail over any other provision of this Deed which is inconsistent with it.

---

<sup>1</sup> Not applicable for the purposes of the ADB Facility Agreement.

---

## 2. NOVATION

### 2.1 Novation by Existing Senior Lender

For valuable consideration, the receipt of which is hereby acknowledged and agreed, the Existing Senior Lender hereby irrevocably sells and novates to the New Senior Lender, effective as of the Effective Date, [[a percentage of] / [all of]] the Existing Senior Lender's Commitment and/or Participations under the [●] Facility Agreement as set forth in Schedule 1 (*Description of Novated Interest*) hereto, including such interest in and to all rights and obligations under the [●] Facility Agreement and the other Senior Finance Documents (such transferred Commitment and/or Participations and such related rights and obligations being referred to herein as the “ **Interest** ”). On and after the Effective Date, the New Senior Lender shall have the same rights, benefits and obligations as the Existing Senior Lender had under the [●] Facility Agreement as a Senior Lender to the extent of the Interest assigned hereunder, all determined as if the New Senior Lender were a Senior Lender under the [●] Facility Agreement and the other Senior Finance Documents, and the Existing Senior Lender shall be irrevocably released from its obligations, liabilities and responsibilities with respect to the Interest so assigned. The sale and novation to the New Senior Lender hereunder shall include the New Senior Lender's proportionate share of all interest, fees and other amounts owed by the Borrower to the Senior Lenders which accrue on and after (but not before) the Effective Date.

### 2.2 New Senior Lender Acknowledgement

- (a) The New Senior Lender acknowledges and agrees that the novation hereunder is made entirely without recourse to the Existing Senior Lender, and that, except to the extent set forth in Clause 7 ( *Representations and Warranties* ) below, the Existing Senior Lender makes no representation or warranty of any kind to the New Senior Lender and, in particular the Existing Senior Lender shall not be responsible for (i) the execution, genuineness, validity, enforceability or sufficiency of the [●] Facility Agreement, any of the other Senior Finance Documents or any other document, (ii) the collectibility of the Interest or any other amounts payable under the [●] Facility Agreement or any of the other Senior Finance Documents, (iii) the accuracy of any statements (whether written or oral) made in or in connection with the [●] Facility Agreement or any of the other Senior Finance Documents, (iv) the financial condition or creditworthiness of the Borrower Entities or any Affiliate, partner or shareholder of such Borrower Entities, (v) the performance of or compliance with any of the terms or provisions of [●] Facility Agreement or the other Senior Finance Documents by the Borrower Entities or any other person (other than the Existing Senior Lender), (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency of any documents granting the Existing Senior Lender and the other Senior Lenders a security interest in assets of the Borrower Entities or any security securing or purporting to secure the Interest or any part thereof, (vii) inspecting any of the property, books or records of the Borrower Entities or any other person or (viii) providing any credit or other information concerning the affairs of the Borrower Entities or any person which may come into the possession of the Existing Senior Lender or any of its Affiliates.
  - (b) The New Senior Lender acknowledges and agrees that nothing in any Senior Finance Document obliges the Existing Senior Lender to:
    - (i) accept a re-transfer from the New Senior Lender of any of the rights and/or obligations assigned or transferred under this Deed; or
-

- (ii) support any losses incurred by the New Senior Lender by reason of the non-performance by any Borrower Entity or any Major Project Party of its obligations under the Senior Finance Documents or otherwise.

### 2.3 **Absence of Liability**

Neither the Existing Senior Lender nor any of its Affiliates, officers, directors, employees, agents or attorneys (collectively, the “**Existing Senior Lender Parties**”) shall be liable for any mistake, error of judgment or action taken or omitted to be taken in connection with the Interest, the [●] Facility Agreement or any of the other Senior Finance Documents except to the extent of the Existing Senior Lender Parties’ bad faith or wilful misconduct. Except as expressly set forth in the [●] Facility Agreement or the other Senior Finance Documents, the Existing Senior Lender Parties shall incur no liability hereunder to the New Senior Lender by reason of the fact that the Existing Senior Lender is a Senior Lender, or as a consequence of the Existing Senior Lender’s duties as a Senior Lender[, or in the case of the [●] Facility Agent, as [●] Facility Agent under the [●] Facility Agreement]<sup>2</sup>.

### 3. **AGREEMENT TO BE BOUND**

The New Senior Lender hereby accepts, effective as of the Effective Date, the novation of rights and obligations referred to in Clause 2 ( *Novation* ) and assumes and agrees to perform fully all of the obligations of the Existing Senior Lender under the [●] Facility Agreement, the Intercreditor Deed and the other Senior Finance Documents with respect to the Interest, including, without limitation, the obligation to fund the presently unfunded portion of the Interest subject to satisfaction of the applicable conditions in the [●] Facility Agreement, the Intercreditor Deed and any of the other Senior Finance Documents. The New Senior Lender agrees to be bound by the terms and conditions of the [●] Facility Agreement, the Intercreditor Deed and the other Senior Finance Documents as if it were a Senior Lender originally named therein.

### 4. **NOTICES**

Notices shall be given under this Deed in the manner set forth in the Common Terms Agreement. The address of the Existing Senior Lender shall be that given in the Common Terms Agreement, or, if applicable, in Schedule 1 (*Description of Novated Interest*) to the relevant Deed of Novation. The address of the New Senior Lender shall be as set forth in Schedule 1 (*Description of Novated Interest*) hereto.

### 5. **REVISED LIST OF LENDERS AND RECORD OF INTERESTS**

Pursuant to Clause 28.3(d) ( *Procedure for Transfer - Senior Lenders* ) of the Common Terms Agreement, the Borrower [, the Facility Agents]<sup>3</sup> and ADB shall receive notice of the novation of the Interests under this Deed, and the novation of rights and obligations referred to in Clause 2 ( *Novation* ) shall be noted accordingly.

---

<sup>2</sup> Not applicable for the purposes of the ADB Facility Agreement.

<sup>3</sup> Not applicable for the purposes of the ADB Facility Agreement.

---

## 6. CONDITIONS PRECEDENT

The effectiveness of this Deed and the transfer or assignment of the Interest to the New Senior Lender hereunder are expressly conditioned upon confirmation from the Existing Senior Lender to the Intercreditor Agent (for and on behalf of the other Senior Finance Parties) that:

- (a) unless an Event of Default is subsisting, the Existing Senior Lender has given prior written notice to the Borrower of any such transfer or assignment;
- (b) (with respect to any transfer or assignment to be effected by a Covered Lender during the Availability Period), the New Senior Lender has a Required Credit Rating;
- (c) (with respect to any transfer or assignment to be made by a Covered Lender), JBIC has given its prior written consent to the transfer or assignment; and
- (d) the New Senior Lender is not a Borrower Entity, Equity Party or an Affiliate of any Equity Party.

## 7. REPRESENTATIONS AND WARRANTIES

### 7.1 Representations of Existing Senior Lender

The Existing Senior Lender hereby represents and warrants to the New Senior Lender and to the Intercreditor Agent (for and on behalf of the other Senior Finance Parties) that as of the Effective Date:

- (a) the Existing Senior Lender is the owner of the Interest, free and clear of any rights of others;
- (b) the Existing Senior Lender is duly authorised to novate the Interest and has obtained all consents and given all notices required under the [●] Facility Agreement and the other Senior Finance Documents; and
- (c) this Deed is valid and binding on the Existing Senior Lender and enforceable against the Existing Senior Lender in accordance with its terms; and
- (d) the information contained in Schedule 1 (*Description of Novated Interest*) hereto is complete and correct.

### 7.2 Representations of New Senior Lender

The New Senior Lender hereby represents and warrants to the Existing Senior Lender and the Intercreditor Agent (for and on behalf of the other Senior Finance Parties) that as of the Effective Date:

- (a) the New Senior Lender is duly authorised and qualified to purchase and accept the Interest;
  - (b) this Deed is valid and binding on the New Senior Lender and enforceable against the New Senior Lender in accordance with its terms;
-

- (c) the New Senior Lender has made its own independent investigation and assessment of the financial condition and affairs of each Borrower Entity and each Major Project Party and each of their related entities in connection with its participation in the Senior Finance Documents and has not relied exclusively on any information provided to it by the Existing Senior Lender in connection with any Senior Finance Document;
- (d) the New Senior Lender will continue to make its own independent appraisal of the creditworthiness of each Borrower Entity and each Major Project Party and each of their related entities while any amount is or may be outstanding under the Senior Finance Documents or any Total Commitment is in force;
- (e) the New Senior Lender has made its own credit and legal analysis of the [●] Facility Agreement, the Intercreditor Deed and the other Senior Finance Documents and the transactions described therein and has made its own decision to purchase and accept the Interest and to assume the duties and obligations of the Existing Senior Lender with respect to the Interest as set forth hereunder, and has done so independently and has not relied exclusively on any information provided to it by the Existing Senior Lender in connection with any Senior Finance Document, except that the New Senior Lender has relied on the Existing Senior Lender's representations contained in Clause 7.1 ( *Representations of Existing Senior Lender* ) hereof; and
- (f) the Existing Senior Lender has made no representations or warranties to the New Senior Lender with respect to the Interest except as set forth in this Deed.

## **8. MISCELLANEOUS**

### **8.1 Headings**

Headings are for reference only and are to be ignored in interpreting this Deed.

### **8.2 Governing Law**

This Deed, and all non-contractual obligations arising from or in connection with this Deed, are governed by English law.

### **8.3 Entire Agreement**

This Deed embodies the entire agreement and understanding between the Parties hereto and supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof.

### **8.4 Further Assurances**

The Existing Senior Lender and the New Senior Lender hereby agree to execute and deliver such other instruments, and take such other actions, as either Party may reasonably request in furtherance of the transactions contemplated by this Deed.

### **8.5 Counterparts**

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

---



8.6 Agents' Fees

No less than three (3) Business Days prior to the proposed date of transfer or assignment of the Interest to the New Senior Lender hereunder, the New Senior Lender shall pay to each of:

- (a) the Intercreditor Agent;
  - (b) the Security Agents;
  - (c) (in the case of a transfer or assignment with respect to rights and/or obligations under the Covered Lenders Facility Agreement) the Covered Lenders Facility Agent; and
  - (d) (in the case of a transfer or assignment with respect to rights and/or obligations under the JBIC Facility Agreement) the JBIC Facility Agent,
- for their own accounts, a non-reimbursable fee in the amount of USD5,000.

**IN WITNESS WHEREOF** this Deed has been duly executed as a deed and is effective on the date stated at the beginning of this Deed.

*[ Remainder of page intentionally left blank.]*

---

## SIGNATORIES

EXECUTED as a deed by ) [ *Signature of authorised person* ]  
**[INSERT NAME OF EXISTING LENDER]** )  
acting by [ *authorised person* ] and [ *authorised* )  
*person* ] acting under the authority of that ) [ *Signature of authorised person* ]  
company, in the presence of: )

Witness'  
signature: .....  
Name: .....  
Address: .....  
.....  
.....

EXECUTED as a deed by ) [ *Signature of authorised person* ]  
**[INSERT NAME OF NEW LENDER]** )  
acting by [ *authorised person* ] and [ *authorised* )  
*person* ] acting under the authority of that ) [ *Signature of authorised person* ]  
company, in the presence of: )

Witness'  
signature: .....  
Name: .....  
Address: .....  
.....  
.....

Acknowledged and Agreed:

[●] as Intercreditor Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Acknowledged and Agreed4:

[●] as [●] Facility Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

---

<sup>4</sup> Not applicable for the purposes of the ADB Facility Agreement.

---

**SCHEDULE 1  
TO DEED OF NOVATION**

**DESCRIPTION OF NOVATED INTEREST**

Effective Date:\_\_\_\_\_

Total Principal Amount of the [●]  
Facility Agreement: \$\_\_\_\_\_

Commitments and Participations

Principal Amount of the [●] Facility Agreement  
Commitment and/or Participation held by Existing Senior Lender before  
Transfer: \$\_\_\_\_\_

Principal Amount of the [●] Facility Agreement  
Commitment and/or Participation Being Transferred to New Senior Lender \$\_\_\_\_\_

Principal Amount of the [●] Facility Agreement  
Commitment and/or Participation held by Existing Senior Lender after  
Transfer \$\_\_\_\_\_

Principal Amount of the [●] Facility Agreement  
Commitment and/or Participation held by New Senior Lender after  
Transfer \$\_\_\_\_\_

Advances

Principal Amount of the [●] Facility Agreement  
Advance held by Existing Senior Lender before  
Transfer: \$\_\_\_\_\_

Principal Amount of the [●] Facility Agreement  
Advance Being Transferred to New Senior Lender \$\_\_\_\_\_

Principal Amount of the [●] Facility Agreement  
Advance held by Existing Senior Lender after  
Transfer \$\_\_\_\_\_

Principal Amount of the [●] Facility Agreement  
Advance held by New Senior Lender after  
Transfer \$\_\_\_\_\_

Address of New Senior Lender for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

---

**Schedule 5**

**Form Of Deed Of Accession – Hedging Counterparties**

Dated

20[●]

[●]

as Intercreditor Agent

and

[●]

as New Hedging Counterparty

---

**DEED OF ACCESSION**

to

**COMMON TERMS AGREEMENT AND INTERCREDITOR DEED**

relating to

**SARULLA GEOTHERMAL POWER PROJECT**

---

**LATHAM & WATKINS**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619  
(65) 6536 1161 (Tel)  
(65) 6536 1171 (Fax)  
[www.lw.com](http://www.lw.com)

---

## DEED OF ACCESSION

This DEED OF ACCESSION (“ **Deed** ”) is dated [ • ] (the “ **Effective Date** ”);

### AMONG:

- (1) [•], as Intercreditor Agent (the “ **Intercreditor Agent** ”), for and on behalf of the Senior Secured Parties; and
- (2) [•] (the “ **New Hedging Counterparty** ”);

(referred to collectively as the “ **Parties** ” and each individually as a “ **Party** ”).

### BACKGROUND

- (A) The Parties refer to the Common Terms Agreement dated [•] 2014, among the Borrower, the Facility Agents, the Intercreditor Agent, the Security Agents, the Mandated Lead Arrangers, the Hedging Counterparties and the financial institutions and trusts party thereto (the “ **Common Terms Agreement** ”) and the Intercreditor Deed dated [•] 2014, among the Facility Agents, the Intercreditor Agent, the Security Agents, the Hedging Counterparties and the financial institutions and trusts party thereto (the “ **Intercreditor Deed** ”).
- (B) In accordance with Clause 28.4 ( *Hedging Counterparties* ) of the Common Terms Agreement, the New Hedging Counterparty wishes to become a party to the Common Terms Agreement in the capacity of a Hedging Counterparty and the Intercreditor Deed in the capacity of a Hedging Counterparty on the terms and conditions set out herein.

IT IS AGREED as follows:

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 Defined Terms in the Common Terms Agreement

Terms defined in the Common Terms Agreement shall have the same meaning in this Deed unless they are otherwise defined in this Deed or the context otherwise requires.

##### 1.2 Construction and Interpretation

The provisions of Clause 1.2 ( *Construction* ), Clause 1.3 ( *Successors and Assigns* ) and Clause 1.4 ( *Miscellaneous* ) of the Common Terms Agreement shall apply to this Deed *mutatis mutandis* as if the same had been set out in full herein, with each reference to the Common Terms Agreement being deemed to be a reference to this Deed.

##### 1.3 Third Party Rights

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Deed and no person not party to this Deed shall have or acquire any right to enforce any term of it pursuant to that Act, unless this Deed expressly provides that such person has rights under it or is entitled to benefit from its provisions. This Clause 1.3 ( *Third Party Rights* ) shall not affect any right or remedy of any third party which exists or is available otherwise than by reason of that Act and shall prevail over any other provision of this Deed which is inconsistent with it.

---

## **2. ACCESSION**

### **2.1 Accession by New Hedging Counterparty (Common Terms Agreement)**

The New Hedging Counterparty hereby agrees with each other person who is or who becomes a party to the Common Terms Agreement that, with effect on and from the Effective Date, it will be bound by the Common Terms Agreement as a Hedging Counterparty as if it had been party to the Common Terms Agreement in the capacity of a Hedging Counterparty.

### **2.2 Accession by New Hedging Counterparty (Intercreditor Deed)**

The New Hedging Counterparty hereby agrees with each other person who is or who becomes a party to the Intercreditor Deed that, with effect on and from the Effective Date, it will be bound by the Intercreditor Deed as a Hedging Counterparty, as if it had been party to the Intercreditor Deed in the capacity of a Hedging Counterparty.

## **3. Condition precedent**

The effectiveness of this Deed and the accession by the New Hedging Counterparty to the Common Terms Agreement and the Intercreditor Deed is expressly conditioned on the New Hedging Counterparty confirming to the Intercreditor Agent that it is an Eligible Bank.

## **4. NOTICES**

Notices shall be given under this Deed in the manner set forth in the Common Terms Agreement. The address of the New Hedging Counterparty for the purposes of Clause 34 ( *Notices* ) of the Common Terms Agreement shall be as set forth in Schedule 1.

## **5. MISCELLANEOUS**

### **5.1 Headings**

Headings are for reference only and are to be ignored in interpreting this Deed.

### **5.2 Governing Law**

This Deed and all non-contractual obligations arising out of or in connection with this Deed shall be governed by and construed in accordance with English law.

### **5.3 Entire Agreement**

This Deed embodies the entire agreement and understanding between the Parties hereto and supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof.

### **5.4 Further Assurances**

The New Hedging Counterparty hereby agrees to execute and deliver such other instruments, and take such other action, as the Intercreditor Agent may reasonably request in furtherance of the transactions contemplated by this Deed.

---

5.5     **Counterparts**

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

**IN WITNESS WHEREOF** , this Deed has been duly executed as a deed and is effective on the date stated at the beginning of this Deed.

*[Remainder of page intentionally left blank.]*

---

**SCHEDULE 1**

**TO DEED OF ACCESSION**

**New Hedging Counterparty Details**

---



SIGNATORIES

EXECUTED as a deed by  
[INSERT NAME OF INTERCREDITOR  
AGENT]  
acting by [ authorised person ] and [ authorised  
person ] acting under the authority of that  
company, in the presence of:

) [ Signature of authorised person ]  
)  
)  
)  
) [ Signature of authorised person ]  
)

Witness'  
signature:  
Name:  
Address:

EXECUTED as a deed by  
[INSERT NAME OF NEW HEDGING  
COUNTERPARTY]  
acting by [ authorised person ] and [ authorised  
person ] acting under the authority of that  
company, in the presence of:

) [ Signature of authorised person ]  
)  
)  
)  
) [ Signature of authorised person ]  
)

Witness'  
signature:  
Name:  
Address:



## Schedule 6

### Material Governmental Authorisations

#### PART A Material Government Authorisations To Be Obtained Prior To Closing Date

| No.                                                          | Licenses                                                                                                                                                                                                                                     | Issuing Authority                        |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <b>1. General Licenses of Operator and Borrower Entities</b> |                                                                                                                                                                                                                                              |                                          |
| 1.1                                                          | Taxpayer Identification Number ( <i>Nomor Pokok Wajib Pajak</i> or “NPWP”) of Permanent Establishment ( <i>Badan Usaha Tetap</i> or “BUT”) of the Operator and the Medco Borrower Entity                                                     | Tax Office                               |
| 1.2                                                          | Certificate of Company Domicile ( <i>Surat Keterangan Domisili Perusahaan</i> or “SKDP”) of each Borrower Entity                                                                                                                             | Head of Sub-district                     |
| 1.3                                                          | Company Registration Certificate ( <i>Tanda Daftar Perusahaan</i> or “ <b>TDP</b> ”) of the Operator and the Medco Borrower Entity                                                                                                           | Local Office of Industry and Trade       |
| 1.4                                                          | Taxable Entrepreneur Confirmation Letter ( <i>Surat Pengukuhan Pengusaha Kena Pajak</i> or “ <b>SPPKP</b> ”) of the Operator and the Medco Borrower Entity                                                                                   | Tax Office                               |
| <b>2. Electricity Licenses</b>                               |                                                                                                                                                                                                                                              |                                          |
| 2.1                                                          | Approval of Electricity Price                                                                                                                                                                                                                | Minister of Energy and Mineral Resources |
| <b>3. Operational Licenses</b>                               |                                                                                                                                                                                                                                              |                                          |
| 3.1                                                          | Water Drawing Permit ( <i>Surat Izin Pengambilandan Pemanfaatan Air Permukaan</i> )                                                                                                                                                          | Relevant local government agency         |
| 3.2                                                          | Building Construction Permit ( <i>Izin Mendirikan Bangunan</i> or “IMB”) for the Plant (but not the Special Facilities relating to the transmission lines interconnecting the Plant and the Transmission Facilities (as defined in the ESC). | Local Government                         |
| 3.3                                                          | Approval of appointment of Head of Technical of Geothermal ( <i>Persetujuan Pengangkatan Kepala Teknik Panas Bumi</i> )                                                                                                                      | Minister of Energy and Mineral Resources |
| 3.4                                                          | Approval of appointment of Temporary Deputy Head of Technical of Geothermal ( <i>Persetujuan Pengangkatan Wakil Kepala Teknik Panas Bumi</i> )                                                                                               | Minister of Energy and Mineral Resources |
| 3.5                                                          | Access Permit to the Sarulla Geothermal Mining Area                                                                                                                                                                                          | Local Government                         |

| No.                                                                          | Licenses                                                                                                                                                                                                                                                                             | Issuing Authority                                                        |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 3.6                                                                          | Permit to Install Water Pipe on National Road                                                                                                                                                                                                                                        | Ministry of Public Works                                                 |
| 3.7                                                                          | Import License ( <i>Angka Pengenal Importir Produsen</i> or “APIP”) and Special Importer’s Identification Number ( <i>Nomor Pengenal Importir Khusus</i> )                                                                                                                           | Ministry of Trade                                                        |
| 3.8                                                                          | Customs Identification Number ( <i>Nomor Induk Kepabeanan</i> or “NIK”)                                                                                                                                                                                                              | Directorate General of Customs and Excise (DGCE)                         |
| <b>4. Environmental Licenses (including for Special Facilities)</b>          |                                                                                                                                                                                                                                                                                      |                                                                          |
| 4.1                                                                          | Approval of Environmental Impact Assessment Documents (AMDAL) which consist of Environmental Analysis (ANDAL), Environmental Management Plan or “RKL” ( <i>Rencana Pengelolaan Lingkungan</i> ) and Environmental Monitoring Plan or “RPL” ( <i>Rencana Pemantauan Lingkungan</i> ). | Local Government                                                         |
| 4.2                                                                          | Environmental Permit ( <i>Izin Lingkungan</i> )                                                                                                                                                                                                                                      | Local Government                                                         |
| 4.3                                                                          | Nuisance Permit                                                                                                                                                                                                                                                                      | Local Government                                                         |
| 4.4                                                                          | AMDAL or RKL/RPL Periodical Report                                                                                                                                                                                                                                                   | Receipt of submission issued by the relevant environmental agency        |
| <b>5. Manpower Licenses</b>                                                  |                                                                                                                                                                                                                                                                                      |                                                                          |
| 5.1                                                                          | Approval for Foreign Personnel Utilization Plan (RPTKA) and Work Permit (IMTA) for foreign workers located in Indonesia                                                                                                                                                              | Ministry of Manpower                                                     |
| 5.2                                                                          | Temporary Permission Card, Limited Stay Permit Card (KITAS) for foreign workers located in Indonesia                                                                                                                                                                                 | Minister of Law and Human Rights                                         |
| <b>6. Accounting, Finance-related Licenses &amp; Offshore Loan Reporting</b> |                                                                                                                                                                                                                                                                                      |                                                                          |
| 6.1                                                                          | Authorization for Bookkeeping in English and US Dollar (only if bookkeeping is made in English and in USD)                                                                                                                                                                           | Minister of Finance                                                      |
| 6.2                                                                          | Offshore Loan Approval from PKLN Team                                                                                                                                                                                                                                                | PKLN Team (Coordinating Minister of Economy acting as Head of PKLN Team) |
| 6.3                                                                          | Report to Bank Indonesia (BI) on initial offshore loan in accordance with BI Regulation No. 14/21/2012 Concerning Foreign Exchange Activities Report.                                                                                                                                | Receipt of acceptance of the report from Bank Indonesia                  |

| No.                                                                                                                                 | Licenses                                                                                                                                                                 | Issuing Authority                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <b>7. Licenses/Title in the name of PGE</b>                                                                                         |                                                                                                                                                                          |                                                                                              |
| 7.1                                                                                                                                 | Temporary Electricity Business License ( <i>Izin Usaha Penyediaan Tenaga Listrik Sementara</i> or IUPTLS).                                                               | Minister of Energy and Mineral Resources                                                     |
| 7.2                                                                                                                                 | Location Permit for the Plant                                                                                                                                            | Head of Regency                                                                              |
| 7.3                                                                                                                                 | Borrow-Use of Forestry Area Permit ( <i>Izin Pinjam Pakai Kawasan Hutan</i> or “ <b>IPPKH</b> ”) (if the location of the geothermal mining area is within a forest area) | Minister of Forestry                                                                         |
| <b>8. Licenses of Initial Drilling Contractor (if the drilling activities are sub-contracted to an Indonesian drilling company)</b> |                                                                                                                                                                          |                                                                                              |
| 8.1                                                                                                                                 | Investment approval and any amendment to such approval (if the drilling contractor is a foreign investment company)                                                      | Investment Coordinating Board ( <i>Badan Koordinasi Penanaman Modal</i> or “ <b>BKPM</b> ” ) |
| 8.2                                                                                                                                 | Company Registration Certificate (or TDP) of the Initial Drilling Contractor                                                                                             | Local Office of Industry and Trade                                                           |
| 8.3                                                                                                                                 | SKDP of the Initial Drilling Contractor                                                                                                                                  | Head of Sub-district                                                                         |
| 8.4                                                                                                                                 | NPWP of the Initial Drilling Contractor                                                                                                                                  | Tax Office                                                                                   |
| 8.5                                                                                                                                 | Registration Certificate ( <i>Surat Keterangan Terdaftar</i> or “SKT”)                                                                                                   | Directorate General of New Renewable Energy and Energy Conservation                          |
| 8.6                                                                                                                                 | Certificate for drilling technician                                                                                                                                      | Directorate General of New Renewable Energy and Energy Conservation                          |
| 8.7                                                                                                                                 | Certificate for specialist technician                                                                                                                                    | Directorate General of New Renewable Energy and Energy Conservation                          |
| 8.8                                                                                                                                 | Specifications of welding procedures                                                                                                                                     | Directorate General of New Renewable Energy and Energy Conservation                          |
| 8.9                                                                                                                                 | Welder Certificate                                                                                                                                                       | Directorate General of New Renewable Energy and Energy Conservation                          |
| 8.10                                                                                                                                | Safety licenses for the use of equipment in the geothermal mining activities                                                                                             | Ministry of Manpower and Transmigration                                                      |

| No.                                            | Licenses                                                                                                                                                                                                   | Issuing Authority                                                                                                                                                        |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>9 . Licenses of Power Plant Contractors</b> |                                                                                                                                                                                                            |                                                                                                                                                                          |
| 9.1                                            | Representative Office License for BUJKA ( <i>Izin Perwakilan Badan Usaha Jasa Konstruksi Asing</i> or “ <b>IPBUJKA</b> ”) of Hyundai Engineering and Construction Co., Ltd. (Power Plant Supply Contractor | Ministry of Public Work – Construction Development Body ( <i>Badan Pembinaan Konstruksi</i> )                                                                            |
| 9.2                                            | Letter of Statement of Registration ( <i>Surat Keterangan Terdaftar</i> ) of Power Plant Supply Contractor                                                                                                 | Tax Office                                                                                                                                                               |
| 9.3                                            | SPPKP of Power Plant Construction Contractor                                                                                                                                                               | Tax Office                                                                                                                                                               |
| 9.4                                            | NPWP of Power Plant Construction Contractor                                                                                                                                                                | Tax Office                                                                                                                                                               |
| 9.5                                            | TDP of Power Plant Construction Contractor                                                                                                                                                                 | Local Office of Industry and Trade                                                                                                                                       |
| 9.6                                            | SKDP of Power Plant Construction Contractor                                                                                                                                                                | Head of Sub-district                                                                                                                                                     |
| 9.7                                            | NPWP of Power Plant Construction Contractor                                                                                                                                                                | Tax Office                                                                                                                                                               |
| 9.8                                            | Letter of Statement of Registration (Surat Keterangan Terdaftar) of Power Plant Construction Contractor                                                                                                    | Tax Office                                                                                                                                                               |
| 9.9                                            | Approval for Foreign Personnel Utilization Plan (RPTKA) and Work Permit (IMTA) for foreign workers located in Indonesia                                                                                    | Ministry of Manpower                                                                                                                                                     |
| 9.10                                           | Temporary Permission Card, Limited Stay Permit Card (KITAS) for foreign workers located in Indonesia                                                                                                       | Minister of Law and Human Rights                                                                                                                                         |
| 9.11                                           | Construction Service Business License ( <i>Izin Usaha Jasa Konstruksi</i> or “ <b>IUJK</b> ”) of Power Plant Construction Contractor                                                                       | Local Government (for local company) or BKPM (for foreign investment company or the Ministry of Public Works (for representative office of foreign construction company) |
| <b>10 . Licences for Special Facilities</b>    |                                                                                                                                                                                                            |                                                                                                                                                                          |
| 10.1                                           | Location Permit (in the name of PLN)                                                                                                                                                                       | Local Government                                                                                                                                                         |

**PART B    Material Governmental Authorisations to be obtained on or before Conditions Subsequent Cut-Off Date**

| No. | Licenses                                                                                                                                                                                          | Issuing Authority                        |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 1.  | Certificate of Right to Build ( <i>Sertifikat Hak Guna Bangunan</i> or SHGB) for the Project Site and the land upon which the Special Facilities are located.                                     | Land Office                              |
| 2.  | Permanent Electricity Business License ( <i>Izin Usaha Penyediaan Tenaga Listrik</i> or IUPTL).                                                                                                   | Minister of Energy and Mineral Resources |
| 3.  | Approval for the initial Annual Import Material Requirement Plan (Rencana Kebutuhan Barang Impor or “RKBI”) of material imported goods (power generations equipment) needed for a 12 month period | Directorate General of Electricity       |
| 4.  | Approval of Plan to Import Goods (Rencana Impor Barang or “RIB”) for the power generation equipment                                                                                               | Directorate General of Electricity       |
| 5.  | Approval for Exemption of Import Duty for the power generation equipment                                                                                                                          | Minister of Finance                      |
| 6.  | Electricity Support Service Business License (Izin Usaha Jasa Penunjang Tenaga Listrik or “IUJPTL”) of the Indonesian Contractor                                                                  | Ministry of Energy and Mineral Resources |
| 7.  | IMB for the Special Facilities                                                                                                                                                                    | Local Government                         |

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**PART C    Material Governmental Authorisations to be obtained after the Closing Date**

| No. | Licenses                                                                                                                                                                                                                                                                                                                                                                                                                                | Issuing Authority                                                                                                                 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Permit to use public roads for heavy load transportation (i.e. Port and Haul Road Licenses) of the Power Plant Construction Contractor                                                                                                                                                                                                                                                                                                  | Local Government                                                                                                                  |
| 2.  | Permit to operate certain equipment and tools (i.e. Operation Worthiness License) including but not limited to the following equipment/tools: <ul style="list-style-type: none"> <li>● Pressure Vessel License</li> <li>● Fire Extinguishers</li> <li>● Lightning Protection</li> <li>● Power Production Machinery/ Engine</li> <li>● Lifting Equipment and Transportation</li> <li>● Electrical Equipment in the Work Place</li> </ul> | Ministry of Energy and Mineral Resources and/or Ministry of Manpower (through Regional Office of Ministry of Manpower)            |
| 3.  | (Geothermal) Installation use worthiness certificate ( <i>Surat Kelayakan Penggunaan Instalasi</i> )                                                                                                                                                                                                                                                                                                                                    | Directorate General of New Renewable Energy and Energy Conservation                                                               |
| 4.  | Certificate for Specialist Technician to operate heavy equipment of the Power Plant Construction Contractor                                                                                                                                                                                                                                                                                                                             | Ministry of Manpower (through Regional Office of Ministry of Manpower)                                                            |
| 5.  | Hazardous and Poisonous Waste Storage Permit ( <i>Izin Penyimpanan Limbah B3</i> )                                                                                                                                                                                                                                                                                                                                                      | Local Government                                                                                                                  |
| 6.  | Periodical reports for B3 waste management as waste producer or <i>Penghasil Limbah B3</i>                                                                                                                                                                                                                                                                                                                                              | Receipt from Local Government                                                                                                     |
| 7.  | Approval for the transportation of B3 Waste (if applicable)                                                                                                                                                                                                                                                                                                                                                                             | Local Government                                                                                                                  |
| 8.  | Use and Storage of Explosive (if applicable)                                                                                                                                                                                                                                                                                                                                                                                            | The Head of Police of Indonesia                                                                                                   |
| 9.  | Operational Worthiness Certificate ( <i>Sertifikat Laik Operasi</i> or “SLO”) of the Electricity Generation Facilities                                                                                                                                                                                                                                                                                                                  | Accredited Electrical Inspection Institute ( <i>Lembaga Inspeksi Listrik Terakreditasi</i> ) / Directorate General of Electricity |
| 10. | Certificate for specialist technician to operate the Electricity Generation Facilities                                                                                                                                                                                                                                                                                                                                                  | Electricity Technical Experts Association ( <i>Ikatan Ahli Teknik Ketenagalistrikan</i> ) / Directorate General of Electricity    |

## Schedule 7

### Project Insurances

#### PART A – CONSTRUCTION PHASE INSURANCES

| <b>1.1 Construction/Erection “All Risks” Insurance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Insured                                      | The Borrower, PGE, the Contractors and/or associated and/or subsidiary companies and suppliers and/or consultants, and/or sub-contractors of every tier (for their onsite activities only) and their officers, directors, employees and agents, for their respective rights and interests in connection with the Project.                                                                                                                                                                                                                                                                                                                                                        |
| Additional Insured                                     | Senior Secured Parties, Senior Lenders’ Technical Advisor (for their onsite activities only) and Senior Lenders’ Reserves Consultant (for their onsite activities only), and their officers, directors, employees and agents, for their respective rights and interests.                                                                                                                                                                                                                                                                                                                                                                                                         |
| Loss Payee                                             | The Offshore Security Agent in respect of all proceeds payable to the Insured                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Period of Insurance                                    | From the earlier of the NTP Date or when Works (as defined in the Coordination Agreement) commence until the Substantial Completion Date of the Third Generating Unit, with a 24 months’ defects liability period for each Generating Unit following the Substantial Completion Date of each individual Generating Unit, and in respect of the Special Facilities until the handover of the Special Facilities to PLN.                                                                                                                                                                                                                                                           |
| Insured Project                                        | The design, construction, erection installation, testing and commissioning of a 3 x 110 MW geothermal power plant geothermal field and related infrastructure at Silangkitang and Namora-I-Langit, Sarulla, North Sumatra, Indonesia plus all associated and ancillary works.                                                                                                                                                                                                                                                                                                                                                                                                    |
| Insured Interest                                       | Works, temporary works, services, materials, plant, machinery, spares, temporary buildings and all other property or equipment of whatsoever nature or description (but excluding the Construction Contractor’s Plant & Equipment (as defined in the Power Plant Construction Contract)) used or intended for incorporation in all works comprising the Electricity Generation Facilities, Special Facilities and/or Field Facilities or that is the property of the Insured or for which they may be responsible (including, for the avoidance of doubt, the relevant PGE Assets) at the Project Site or elsewhere in the Territorial Limit excluding any sub-surface property. |
| Minimum Sum Insured                                    | The sum equivalent to the full replacement value of the Insured Interest (as defined above), which shall not be less than the amount of the Total Contract Price (as defined in the Coordination Agreement), any other increases in value in relation to the Project, the Borrower’s (including the Operator’s) works plus an allowance for contingencies, fuel and additional spares.                                                                                                                                                                                                                                                                                           |



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| Coverage                  | Subject to the exclusions listed below, “all-risks” of physical loss or damage from any cause to the Insured Interest including risks associated with design, construction and erection, start-up and testing of the Electricity Generation Facilities, Field Facilities and Special Facilities and all materials, supplies and equipment to be used by the Plant or intended for installation into the Plant (other than plant and equipment which the Contractors will have responsibility to insure or self-insure under the Construction and Drilling Contracts).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Territorial Limit         | Republic of Indonesia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Maximum Deductibles       | a) USD1,000,000 each and every occurrence of Earthquake, Landslide and Volcanic Eruption;<br>b) USD500,000 each and every occurrence of loss or damage in respect of steam turbine generators brine OEC generators bottoming OEC generators and transformers:<br>i. during hot testing and commissioning and reliability runs;<br>ii. in respect of LEG 2/96;<br>iii. during the applicable defects liability period;<br>c) USD250,000 each and every occurrence of loss or damage in respect of all other equipment:<br>i. during hot testing and commissioning and reliability runs;<br>ii. in respect of LEG 2/96; and<br>iii. during the applicable defects liability period;<br>d) USD250,000 each and every occurrence for storm tempest flood water damage subsidence collapse; and<br>e) USD100,000 each and every occurrence for all other events of loss or damage,<br>subject always to the proviso that in respect of any single occurrence where more than one deductible could apply, then only the highest single deductible shall be borne by the Insured. |
| Conditions and Extensions | Coverage to be as broad as would be expected from a prudent developer of a Project of this nature and to include but not be limited to the following clauses:<br>a) 72 Hours;<br>b) Automatic Reinstatement of Sum Insured (at additional premium to be agreed);<br>c) Cessation of Works;<br>d) Claims Preparation Costs –USD1,000,000;<br>e) Customs and Duties;<br>f) Debris Removal –USD20,000,000;<br>g) Escalation – Up to 15% of sum insured;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                                                                       | <ul style="list-style-type: none"> <li>h) Existing Property –USD5,000,000;</li> <li>i) Expediting Expenses (including airfreight) –USD5,000,000;</li> <li>j) Extended Maintenance (24 months);</li> <li>k) Fire Fighting Expenses –USD2,000,000;</li> <li>l) Inland Transit –USD5,000,000 per conveyance;</li> <li>m) Marine 50/50;</li> <li>n) Off-Site Fabrication (locations in Indonesia only) ;</li> <li>o) Off-Site Storage (locations in Indonesia only) –USD5,000,000 per location;</li> <li>p) Plans and Documents –USD1,000,000;</li> <li>q) Preventive Measures and Minimization Costs – USD5,000,000;</li> <li>r) Pollution Clean Up;</li> <li>s) Professional Fees –USD1,000,000;</li> <li>t) Public Authorities –USD5,000,000;</li> <li>u) Repeat Tests;</li> <li>v) Strikes, Riot and Civil Commotion;</li> <li>w) Temporary Removal –USD2,000,000;</li> <li>x) Waiver of Subrogation;</li> <li>y) Lenders’ Endorsements.</li> </ul> |
| Exclusions                                                                            | <ul style="list-style-type: none"> <li>a) Design Risks – LEG 2/96;</li> <li>b) Gradual Deterioration, Wear &amp; Tear and Corrosion;</li> <li>c) Money, Banknotes, etc.;</li> <li>d) Political Risks;</li> <li>e) Radioactive Contamination;</li> <li>f) Terrorism;</li> <li>g) Unexplained Disappearance;</li> <li>h) Electronic Data;</li> <li>i) Sanctions;</li> <li>j) War Risks; and</li> <li>k) any additional exclusion approved by the Intercreditor Agent (acting in consultation with the Senior Lenders’ Insurance Consultant).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>1.2 Construction/Erection “All Risks” (CEAR) Delay in Start-Up (DSU) Insurance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Principal Insured                                                                     | The Borrower in connection with the Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Additional Insured                                                                    | Senior Secured Parties, Senior Lenders’ Technical Advisor and Senior Lenders’ Reserves Consultant, and their officers, directors, employees and agents, for their respective rights and interests.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Period of Insurance      | From the earlier of the NTP Date or when Works (as defined in the Coordination Agreement) commence until Substantial Completion of the Third Generating Unit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Loss Payee               | The Offshore Security Agent in respect of all proceeds payable to the Borrower and the Senior Secured Parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Insured Interest         | <p>If any property insured under the CEAR insurance (as described in Item Part A, Item 1.1 above) is physically lost or damaged by any of the risks insured under such insurance (including loss or damage which would have been indemnifiable but for the application of any deductible) and results in a delay beyond a Scheduled Substantial Completion Date, this insurance will indemnify the insured in respect of financial loss during the period of indemnity, including:</p> <ul style="list-style-type: none"> <li>i Debt servicing costs in respect of loans made under, monies borrowed or guarantees given pursuant to the Senior Finance Documents (including Repayment Instalments, any guarantee commissions, commitment fees, agency fees or other fees owing to any Secured Party under the Senior Finance Documents), and any other finance costs and debt service obligations set out in the Senior Finance Documents that would have been paid or payable out of revenue that would have been received but for the occurrence of loss or damage;</li> <li>ii Other fixed costs (including insurance costs, administration costs, operations and maintenance costs, management and personnel costs, electricity, water, fees, taxes and licenses) due to a delay in start-up as a result of a physical loss or damage to works during construction, testing or commissioning indemnifiable under the CEAR policy (as described in Item Part A, Item 1.1 above) and that would have been paid or payable out of revenue that would have been received but for the loss or damage; and</li> <li>iii Increased Cost of Working i.e. the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or reducing the amount for which the insurers are liable, but not exceeding the sum by which such amount otherwise payable is reduced, less any sums saved in respect of such costs as may cease or be reduced in consequence of the delay.</li> </ul> |
| Minimum Indemnity Period | 24 months from the Scheduled Substantial Completion Date of each Generating Unit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Minimum Sum Insured      | A sum equivalent to the Insured Interest for the duration of the Minimum Indemnity Period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Maximum Deductibles      | 60 days per Generating Unit in the aggregate for the policy period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Conditions and Extensions                  | <p>Coverage to be as broad as would be expected from a prudent developer of a Project of this nature and to include but not be limited to the following clauses:</p> <ul style="list-style-type: none"> <li>a) Contractors' Plant &amp; Equipment – USD5,000,000;</li> <li>b) Civil/Military Authorities –USD5,000,000;</li> <li>c) Denial of Access –USD5,000,000 within 2.5km;</li> <li>d) Failure of Public Utilities –USD5,000,000 (FLEXA perils only);</li> <li>e) Named Customers &amp; Suppliers –USD10,000,000 (FLEXA perils only);</li> <li>f) Professional Accountants' Fees –USD2,500,000; and</li> <li>g) Lenders' Endorsements.</li> </ul>         |
| Exclusions                                 | <ul style="list-style-type: none"> <li>a) Lack of Funds to Repair or Replace Loss or Damage;</li> <li>b) Radioactive Contamination;</li> <li>c) Terrorism;</li> <li>d) Political Risks;</li> <li>e) Sanctions;</li> <li>f) War Risks; and</li> <li>g) any additional exclusion approved by the Intercreditor Agent (acting in consultation with the Senior Lenders' Insurance Consultant).</li> </ul>                                                                                                                                                                                                                                                           |
| <b>1.3 Third Party Liability Insurance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Principal Insured                          | Same as Part A, 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Additional Insured                         | Same as Part A, 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Period of Insurance                        | Same as Part A, 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Insured Interest                           | <p>Legal liability in respect of:</p> <ul style="list-style-type: none"> <li>i death of or bodily injury to or illness or disease contracted by any third party; and</li> <li>ii loss of or damage to third party property,</li> </ul> <p>happening or consequent upon a cause occurring during the Period of Insurance and arising out of or in connection with the Project anywhere within the Territorial Limit (including arising out of the design, procurement, engineering, development, drilling, installation, erection, testing, commissioning, ownership, construction, and professional costs and expenses incurred in dealing with any claim).</p> |
| Territorial Limit                          | Worldwide.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Jurisdiction                               | Worldwide                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Minimum Limit of Indemnity                 | <p>USD50,000,000 any one occurrence or series of occurrences arising out of one event, provided that the number of occurrences during the Period of Insurance is unlimited.</p> <p>In respect of Sudden and Accidental Pollution, the limit of indemnity shall be USD50,000,000 any one occurrence or series of occurrences arising out of one event and in the aggregate.</p>                                                                                                                                                                                                                                                                                  |

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|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maximum Deductible                | USD50,000 each and every occurrence in respect of drilling/well related accidents.<br><br>USD25,000 each and every occurrence in respect of property damage only. None for injury to or death of individuals.                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Conditions and Extensions         | Coverage to be as broad as would be expected from a prudent developer of a project of this nature and to include but not be limited to the following clauses:<br>a) Cross Liability Clause;<br>b) Motor Contingent Liability;<br>c) Temporary Overseas Visits;<br>d) Waiver of Subrogation; and<br>e) Lenders' Endorsements.                                                                                                                                                                                                                                                                                                               |
| Exclusions                        | a) Asbestos;<br>b) Failure to Supply;<br>c) Liquidated Damages, Fines and Penalties;<br>d) Products Liability;<br>e) Pollution except Sudden & Accidental;<br>f) Watercraft / Aircraft;<br>g) Professional Services;<br>h) Advertising Liability;<br>i) Defamation / Libel;<br>j) Cyber Liability;<br>k) Contract Works;<br>l) Electromagnetic Field;<br>m) Terrorism;<br>n) Underground Cables and Pipes;<br>o) War Risks; and<br>p) any exclusions or exceptions which are market standard for the type or size of risk that are approved by Intercreditor Agent (acting in consultation with the Senior Lenders' Insurance Consultant). |
| <b>1.4 Marine Cargo Insurance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Principal Insured                 | Same as Part A, 1.1 above, excluding ship/vessel/barge owners, charterers, carriers, forwarders and hauliers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Additional Insured                | Same as Part A, 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Loss Payee                        | Same as Part A, 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Period of Insurance               | From the date of the first loading of a shipment leaving the warehouse or factory and continuing to the date of delivery of the final consignment to the Project Site with respect to items to be used in connection with or incorporated in the Works (as defined in the Coordination Agreement).                                                                                                                                                                                                                                                                                                                                         |

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|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest Insured           | “All risks” of loss or damage per Institute Cargo Clause “A” including war charges of general average sacrifice, or contribution and salvage expenses, including for loss or damage to all equipment, components, spares, materials, machinery and other items intended for incorporation in the works or temporary works comprising the Project.                                                                                                                                                                                                                                                                                                                                                                              |
| Voyage                     | From point of origin at manufacturer’s or suppliers’ premises including while in transit by sea or air or the land portion from country of origin anywhere in the world to the Project Site or vice versa including transshipments, until arrival (but after unloading) at the Project Site.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Minimum Limit of Liability | A sum equivalent to the total replacement cost of property of the largest single shipment exposed to risk of loss for any one occurrence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Maximum Deductible         | USD25,000 each and every loss.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Conditions and Extensions  | Coverage to be as broad as would be expected from a prudent developer of a Project of this nature and to include the following Institute of London Underwriters clauses:<br>a) Institute War Clauses (Cargo);<br>b) Institute War Clauses (Air Cargo);<br>c) Institute Strikes Clauses (Cargo);<br>d) Institute Strikes Clauses (Air Cargo);<br>e) Institute Cyber Attack Exclusion Clause;<br>f) Institute Radioactive Contamination, Chemical, Biological, Bio- chemical and Electromagnetic Weapons Exclusion Clause;<br>g) 50/50 Clause;<br>h) Cargo ISM Endorsement;<br>i) Concealed Damage;<br>j) General Average Clause; and<br>k) Removal of Debris Clause.                                                            |
| Exclusions                 | a) Inherent vice or nature of the subject matter insured;<br>b) Insolvency or financial default of the owners managers charterer’s or operators of the vessel or aircraft, unless not material to the claim;<br>c) Insufficiency or unsuitability of packing;<br>d) Ordinary leakage loss in weight or volume or wear and tear of the subject matter insured;<br>e) Unseaworthiness of the vessel or craft, etc., but only where the Insured is aware of the unseaworthiness;<br>f) Vessel not ISM Code certified/SOLAS Convention;<br>g) War, radioactivity and terrorism on land; and<br>h) any other exclusions approved by the Intercreditor Agent (acting in consultation with the Senior Lenders’ Insurance Consultant). |

| <b>1.5 Marine Cargo Delay in Start-Up Insurance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Insured                                             | Same as Part A, 1.2 above, excluding shipowners and/or vessel owners and/or barge owners and/or ship charterers and/or vessel charterers and/or barge charterers and freight forwarders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Additional Insured                                  | Same as Part A, 1.2 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Period of Insurance                                 | Same as Part A, 1.4 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Loss Payee                                          | Same as Part A, 1.2 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Insured Interest                                    | <p>If any property insured under the Marine Cargo insurance is physically lost or damaged by any of the risks insured under such insurance (including loss or damage which would have been indemnifiable but for the application of any deductible) and results in a delay beyond a Scheduled Substantial Completion Date, this insurance will indemnify the insured in respect of financial loss during the period of indemnity, including for:</p> <ul style="list-style-type: none"> <li>iii. Increased Cost of Working i.e. the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or reducing the amount for which the insurers are liable, but not exceeding the sum by which such amount otherwise payable is reduced, less any sums saved in respect of such costs as may cease or be reduced in consequence of the delay. <ul style="list-style-type: none"> <li>i. Debt servicing costs in respect of loans made under, monies borrowed or guarantees given pursuant to the Senior Finance Documents (including Repayment Instalments, any guarantee commissions, commitment fees, agency fees or other fees owing to any Secured Party under the Senior Finance Documents), and any other finance costs and debt service obligations set out in the Senior Finance Documents that would have been paid or payable out of revenue that would have been received but for the occurrence of loss or damage;</li> <li>ii. Other fixed costs (insurance costs, administration costs, operations and maintenance costs, management and personnel costs as applicable, electricity, water, fees, taxes and licenses) that would have been paid or payable out of revenue that would have been received but for the loss or damage; and</li> <li>iii. Increased Cost of Working i.e. the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or reducing the amount for which the insurers are liable, but not exceeding the sum by which such amount otherwise payable is reduced, less any sums saved in respect of such costs as may cease or be reduced in consequence of the delay.</li> </ul> </li> </ul> |
| Minimum Indemnity Period                            | 18 months from the Scheduled Substantial Completion Date of each Generating Unit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Minimum Sum Insured                                 | A sum equivalent to the Insured Interest for the duration of the Minimum Indemnity Period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Minimum Deductible                                  | 45 days each and every loss.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Conditions and Extensions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>Coverage to be as broad as would be expected from a prudent developer of a Project of this nature and to include the following clauses:</p> <ul style="list-style-type: none"> <li>a) Extra Expenses –USD1,000,000;</li> <li>b) Increased Freight;</li> <li>c) Professional Accountants’ Fees –USD1,000,000;</li> <li>d) Return/Repair Shipments; and</li> <li>e) Lenders’ Endorsements.</li> </ul>                  |
| Exclusions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>a) Lack of Funds to Repair or Replace Loss or Damage;</li> <li>b) Radioactive Contamination;</li> <li>c) Terrorism;</li> <li>d) War Risks; and</li> <li>e) any exclusions or exceptions which are market standard for the type or size of risk, which are approved by the Intercreditor Agent (acting in consultation with the Senior Lenders’ Insurance Consultant).</li> </ul> |
| <b>1.6 Workmen’s Compensation/Employer’s Liability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>The Borrower shall procure that there is in effect throughout the period from the Closing Date until the expiration date of the last defects liability period under the Construction and Drilling Contracts, policy(ies) of insurance, with insured sums/limits as required to be in compliance with Applicable Laws in Republic of Indonesia and/or to indemnify the legal and contractual liabilities of the Borrower, the Senior Secured Parties, the Senior Lenders’ Reserves Consultant, the Senior Lenders’ Technical Advisor, the Contractors and all their subcontractors of any tier in respect of the accidental death or injury of any staff or employee of the Borrower or their nominated agents, representatives or agents during the course of his or her employment in connection with the Project anywhere in Republic of Indonesia.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>1.7 Miscellaneous</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>Other insurance as is customary, desirable or necessary to comply with Applicable Law, local or other requirements, including a comprehensive automobile vehicle insurance which the Borrower and the Contractors and all sub-contractors are to purchase with bodily injury and property damage combined in single insured sums/limits per occurrence as required to be in compliance with local laws, covering vehicles owned or hired. These insurances are to be purchased in the name of, or on behalf of, the Borrower, and for such sums insured as mandated under Applicable Laws in Republic of Indonesia or as the Borrower and the Intercreditor Agent (acting with the advice of the Senior Lenders’ Insurance Consultant) shall agree or, failing that, as a prudent operator of the Project would purchase.</p>                             |                                                                                                                                                                                                                                                                                                                                                                                                                         |



## PART B – OPERATION PHASE INSURANCES

| <b>1.1 Industrial “All Risks” (IAR) Insurance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Insured                                 | The Borrower and/or the Technical Support Agreement Providers and/or the Technical Support Agreement Providers’ subcontractors in connection with the Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Additional Insured                                | Same as Part A, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Loss Payee                                        | Same as Part A, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Period of Insurance                               | From the Substantial Completion Date of the First Generating Unit until the Substantial Completion Date of the Third Generating Unit and thereafter on an annually renewable basis until the irrevocable payment in full of all obligations to the Senior Secured Parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Insured Project                                   | Same as Part A, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Insured Interest                                  | All real and personal (movable and immovable) property constituting the Project Assets and the PGE Assets, including but not limited to machinery and equipment, buildings, structures, earthworks, equipment, spares and consumables.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Coverage                                          | <p>Against all perils of physical loss or damage to the Insured Interest including machinery breakdown occurring during the period of insurance by any cause not otherwise excluded which are usually and reasonably insurable, including fire, lightning, explosion, mechanical/electrical breakdown, spontaneous combustion, landslide, volcanic eruption, storm, wind, tempest, flood, hurricane, water damage, sprinkler leakage, civil strife, riot, strike, malicious damage, aircraft impact, earthquake, tsunami, collapse and/or loss of contents of tanks and bursting and overflowing of tanks, apparatus or pipes or debris removal. Cover shall extend to vacant and unoccupied premises; physical loss or damage to Insured Interest resulting from a defect in workmanship LEG2/96) material or design; items stored off-site.</p> <p>Cover shall provide <u>no less than</u> the terms, conditions and perils/causes of loss provided under an “all risks” insurance policy effected by a prudent utility operator.</p> |
| Minimum Sum Insured                               | The sum equivalent to the full replacement value of the Insured Interest (as defined above).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Territorial Limit                                 | Republic of Indonesia                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Maximum Deductibles                               | <p>a) USD1,000,000 each and every occurrence of Earthquake, Landslide and Volcanic Eruption;</p> <p>b) USD500,000 each and every occurrence of loss or damage in respect of steam turbine generators, brine OEC generators, bottoming OEC generators and transformers;</p> <p>c) USD250,000 each and every occurrence of loss or damage in respect of all other equipment, storm, tempest, flood, water damage, subsidence or collapse;</p> <p>d) USD100,000 each and every occurrence for all other events of loss or damage,</p> <p>subject always to the proviso that in respect of any single occurrence where more than one deductible could apply, then only the highest single deductible shall be borne by the Insured.</p>                                                                                                                                                                                                                                                                                                     |

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| Conditions and Extensions | <p>Coverage to be as broad as would be expected from a prudent utility operator of a Project of this nature and to include but not be limited to the following clauses:</p> <ul style="list-style-type: none"> <li>a) 72 Hours;</li> <li>b) Automatic Reinstatement of Sum Insured;</li> <li>c) Capital Additions –USD10,000,000;</li> <li>d) Debris Removal –USD10,000,000;</li> <li>e) Escalation – Up to 20% of sum insured;</li> <li>f) Expediting Expenses (including airfreight) – USD5,000,000;</li> <li>g) Fire Fighting Expenses –USD2,000,000;</li> <li>h) Inland Transit –USD5,000,000 per conveyance;</li> <li>i) Minor Works (including refurbishment and rehabilitation) –USD5,000,000;</li> <li>j) Off-Site Storage (locations in Indonesia only) – USD5,000,000 per location;</li> <li>k) Plans and Documents – USD1,000,000;</li> <li>l) Preventive Measures and Minimization Costs – USD5,000,000;</li> <li>m) Professional Fees – USD1,000,000;</li> <li>n) Public Authorities (including undamaged property) – USD5,000,000;</li> <li>o) Pollution Clean Up;</li> <li>p) Strikes, Riot and Civil Commotion;</li> <li>q) Temporary Removal –USD2,000,000; and</li> <li>r) Lenders’ Endorsements.</li> </ul> |
| Exclusions                | <ul style="list-style-type: none"> <li>a) Design Risks – LEG 2/96;</li> <li>b) Gradual Deterioration, Wear &amp; Tear and Corrosion;</li> <li>c) Money, Banknotes, etc.;</li> <li>d) Political Risks;</li> <li>e) Radioactive Contamination;</li> <li>f) Electronic Data;</li> <li>g) Sanctions;</li> <li>h) Terrorism;</li> <li>i) Unexplained Disappearance;</li> <li>j) War Risks; and</li> <li>k) any exclusions or exceptions which are market standard for the type or size of risk which are approved by the Intercreditor Agent (acting in consultation with the Senior Lenders’ Insurance Consultant).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| 1.2 Business Interruption Insurance |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Insured                   | The Borrower in connection with the Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Additional Insured                  | Same as Part B, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Loss Payee                          | Same Part B, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Period of Insurance                 | Same as Part B, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Insured Interest                    | <p>If any property insured under the IAR insurance (as described in Part B, Item 1.1 above) is physically lost or damaged by any of the risks insured under such insurance (including loss or damage which would have been indemnifiable but for the application of any deductible) and causes interruption in the normal commercial operations of the Project, this insurance will indemnify the Insured in respect of the financial loss during the period of indemnity, including:</p> <ul style="list-style-type: none"> <li>i. Debt servicing costs in respect of loans made under, monies borrowed or guarantees given pursuant to the Senior Finance Documents (including Repayment Instalments, any guarantee commissions, commitment fees, agency fees or other fees owing to any Secured Party under the Senior Finance Documents), and any other finance costs and debt service obligations set out in the Senior Finance Documents that would have been paid or payable out of revenue that would have been received but for the occurrence of loss or damage;</li> <li>ii. Other fixed costs (including insurance costs, administration costs, operations and maintenance costs, management and personnel costs as applicable, extension payments, electricity, water, fees, taxes and licenses) that would have been paid or payable out of revenue that would have been received but for the loss or damage; and</li> <li>iii. Increased Cost of Working i.e. the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or reducing the amount for which the insurers are liable, but not exceeding the sum by which such amount otherwise payable is reduced, less any sums saved in respect of such costs as may cease or be reduced in consequence of the delay.</li> </ul> |

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|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Minimum Indemnity Period                             | 24 months from the date of insured damage.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Minimum Sum Insured                                  | A sum equivalent to the Insured Interest for the duration of the Minimum Indemnity Period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Maximum Deductible                                   | a) 60 days each and every loss in respect of loss or damage to steam turbine generators brine OEC generators bottoming OCE generators, transformers, earthquakes, landslides and volcanic eruptions.<br>b) 45 days each and every loss in respect of all other incidents.                                                                                                                                                                                                                                                                                                                                                                                                 |
| Conditions and Extensions                            | Coverage to be as broad as would be expected from a prudent utility operator of a Project of this nature and including the following clauses:<br>a) Accounts Receivable –USD2,000,000;<br>b) Civil/Military Authorities –USD5,000,000;<br>c) Denial of Access –USD5,000,000;<br>d) Failure of Public Utilities –USD5,000,000 (FLEXA perils only);<br>e) Professional Accountants’ Fees –USD1,000,000; and<br>f) Lenders’ Endorsements.                                                                                                                                                                                                                                    |
| Exclusions                                           | a) Lack of Funds to Repair or Replace Loss or Damage;<br>b) Radioactive Contamination;<br>c) Political Risks;<br>d) Sanctions;<br>e) Terrorism;<br>f) War Risks; and<br>g) any exclusions or exceptions which are market standard for the type or size of risk which are approved by the Intercreditor Agent (acting in consultation with the Senior Lenders’ Insurance Consultant).                                                                                                                                                                                                                                                                                      |
| <b>1.3 Comprehensive General Liability Insurance</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Principal Insured                                    | Same as Part B, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Additional Insured                                   | Same as Part B, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Period of Insurance                                  | Same as Part B, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Insured Interest                                     | Legal liability in respect of:<br>i. death of or bodily injury to or illness or disease contracted by any third party; and<br>ii. loss of or damage to third party property,<br>happening or consequent upon a cause occurring during the Period of Insurance and arising out of or in connection with the Project anywhere within the Territorial Limit, including arising out of or in connection with the ownership, operation, use or maintenance of the Project (inclusive of drilling), including the Electricity Generation Facilities and/or Field Facilities, and any related activities and professional costs and expenses incurred in dealing with any claim. |

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| Territorial Limit          | Worldwide.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Jurisdiction               | Worldwide                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Minimum Limit of Indemnity | USD50,000,000 any one occurrence or series of occurrences arising out of one event, provided that the number of occurrences during the Period of Insurance is unlimited.<br>In respect of Product liability, Sudden & Accidental Pollution, the limit of indemnity shall be USD50,000,000 any one occurrence or series of occurrences arising out of one event and in the aggregate.                                                                                                                                                                                                                        |
| Maximum Deductible         | USD25,000 each and every occurrence in respect of property damage only.<br>USD50,000 each and every occurrence in respect of drilling/well related accidents.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Conditions and Extensions  | Coverage to be as broad as would be expected from a prudent developer of a Project of this nature and to include the following clauses:<br>a) Cross Liability Clause;<br>b) Motor Contingent Liability;<br>c) Temporary Overseas Visits;<br>d) Waiver of Subrogation; and<br>e) Lenders' Endorsements.                                                                                                                                                                                                                                                                                                      |
| Exclusions                 | a) Asbestos;<br>b) Failure to Supply;<br>c) Liquidated Damages Fines and Penalties;<br>d) Pollution except Sudden & Accidental;<br>e) Products Liability;<br>f) Watercraft / Aircraft;<br>g) Professional Services;<br>h) Advertising Liability;<br>i) Defamation / Libel;<br>j) Cyber Liability;<br>k) Contract Works;<br>l) Electromagnetic Field;<br>m) Terrorism;<br>n) War Risks; and<br>o) any exclusions or exceptions which are market standard for the type or size of risk, which are approved by the Intercreditor Agent (acting in consultation with the Senior Lenders' Insurance Consultant). |

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| <b>1.4</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Workmen's Compensation/Employer's Liability</b> |
| The Borrower shall procure that there is in effect throughout the period from the date of termination of the of insurance referred to in paragraph 1.6, Part A of this Schedule 7, policies of insurance with insured sums/limits as required to be in compliance with Applicable Laws in Republic of Indonesia and/or to indemnify the legal and contractual liabilities of the Borrower, the Senior Secured Parties, the Senior Lenders' Reserves Consultant, the Senior Lenders' Technical Advisor, the Contractors and all their subcontractors of any tier in respect of the accidental death or injury of any staff or employee of the Borrower or their nominated agents, representatives or agents during the course of his or her employment in connection with the Project anywhere in Republic of Indonesia.                                                                           |                                                    |
| <b>1.5</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Miscellaneous</b>                               |
| Other insurance as is customary, desirable or necessary to comply with Applicable Law, local or other requirements, including a comprehensive automobile vehicle insurance which the Borrower, the Technical Service Agreement Providers, the Additional Drilling Contractor (s) (if any) and all sub-contractors are to purchase with bodily injury and property damage combined in single insured sums/limits per occurrence as required to be in compliance with local laws, covering vehicles owned or hired. These insurances are to be purchased in the name of, or on behalf of, the Borrower, and for such sums insured as mandated under Applicable Laws in Republic of Indonesia or as the Borrower and the Intercreditor Agent, acting with the advice of the Senior Lenders' Insurance Consultant, shall agree or, failing that, as a prudent operator of the Project would purchase. |                                                    |

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## PART C

## CONSTRUCTION AND OPERATION PHASE INSURANCES

| <b>1.1 Well Equipment Insurance</b> |                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Insured                   | Same as Part A, Item 1.1 above.                                                                                                                                                                                                                                                                                                           |
| Additional Insured                  | Same as Part A, Item 1.1 above.                                                                                                                                                                                                                                                                                                           |
| Loss Payee                          | Same as Part A, Item 1.1 above.                                                                                                                                                                                                                                                                                                           |
| Period of Insurance                 | From the earlier of the NTP Date or when drilling commences until Substantial Completion of the Third Generating Unit on an annually renewable basis for the construction period and from Substantial Completion of the Third Generating Unit on an annually renewable basis for the operational period.                                  |
| Insured Interest                    | “All risks” of physical loss or damage to well equipment                                                                                                                                                                                                                                                                                  |
| Minimum Sum Insured                 | The full replacement value of the insured property                                                                                                                                                                                                                                                                                        |
| Territorial Limit                   | Indonesia                                                                                                                                                                                                                                                                                                                                 |
| Maximum Deductibles                 | a) USD1,000,000 each and every occurrence of Earthquake, Landslide and Volcanic Eruption;<br>b) USD250,000 each and every occurrence of loss or damage in respect of machinery breakdown, storm, tempest, flood, water damage, subsidence collapse; and<br>c) USD100,000 each and every occurrence for all other events of loss or damage |
| Conditions and Extensions           | a) Machinery Breakdown –USD1,000,000;<br>b) Downhole Equipment (named perils only);<br>c) Removal of Wreckage/Debris –25% of sum insured; and<br>d) Lenders’ Endorsements.                                                                                                                                                                |
| Exclusions                          | a) Information Technology Hazards;<br>b) Microorganisms;<br>c) Radioactive Contamination;<br>d) Terrorism;<br>e) War Risks; and<br>f) Institute Cyber Attack Exclusion CL380                                                                                                                                                              |

| 1.2 Operator's Extra Expenses Insurance |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Insured                       | Same as Part C, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Additional Insured                      | Same as Part C, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Loss Payee                              | Same as Part C, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Period of Insurance                     | From the earlier of the NTP Date or when drilling commences until Substantial Completion of the Third Generating Unit on an annually renewable basis for the construction period and from Substantial Completion of the Third Generating Unit on an annually renewable basis for the operational period.                                                                                                                                                      |
| Insured Interest                        | Operator's extra expenses including control of well; limited redrilling/extra expenses; seepage and pollution, clean-up and contamination                                                                                                                                                                                                                                                                                                                     |
| Minimum Sum Insured                     | USD20,000,000 combined single limit any one occurrence or series of occurrences arising out of one event                                                                                                                                                                                                                                                                                                                                                      |
| Territorial Limit                       | Indonesia                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Deductibles                             | a) USD375,000 combined single excess each and every occurrence of loss or damage in respect of drilling wells;<br>b) USD250,000 combined single excess each and every occurrence of loss or damage in respect of all other wells; and<br>c) USD75,000 each and every occurrence of loss or damage in respect of care, custody and control.                                                                                                                    |
| Major Conditions and Extensions         | a) Care, Custody and Control –USD1,000,000;<br>b) Contingent Joint Venture;<br>c) Deliberate Well Firing;<br>d) Making Wells Safe;<br>e) Evacuation Expenses;<br>f) Extended Redrilling and Restoration Costs;<br>g) Subsequent Production/Suspension/Abandonment Coverage for Drilling Wells (at no additional charge to the end of the same policy period in which they were spud- in);<br>h) Underground Control of Well; and<br>i) Lenders' Endorsements. |
| Major Exclusions                        | a) Loss or Damage to Drilling/Production Equipment;<br>b) Delay or Loss of Reservoir Pressure;<br>c) Fines and Penalties;<br>d) Punitive Damages;<br>e) Information Technology Hazards;<br>f) Microorganisms;<br>g) Radioactive Contamination;<br>h) Terrorism;<br>i) War Risks; and<br>j) Institute Cyber Attack Exclusion CL380.                                                                                                                            |



| 1.3 Terrorism Insurance |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Insured       | Same as Part A, Item 1.2 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Additional Insured      | Same as Part C, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Loss Payee              | Same as Part C, Item 1.1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Period of Insurance     | From the earlier of the NTP Date or when Works (as defined in the Coordination Agreement) commence until Substantial Completion of the Third Generating Unit for the construction period and from Substantial Completion of the Third Generating Unit on an annually renewable basis for the operational period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Insured Interest        | <p>I) Material damage to the insured interest as a result of an act or series of acts of terrorism, sabotage, riots, strikes, civil commotion, malicious damage, insurrection, rebellion, revolution, and mutiny coup d'Etat;</p> <p>II) If any property insured under the Terrorism insurance is physically lost or damaged by any of the risks insured under such insurance (including loss or damage which would have been indemnifiable but for the application of any deductible) and either results in a delay beyond a Scheduled Substantial Completion Date for the construction period or causes interruption in the normal commercial operations of the Project for the operational period, this insurance will indemnify the Insured in respect of the following during the period of indemnity:</p> <ol style="list-style-type: none"> <li>i. Debt servicing costs in respect of loans made under, monies borrowed or guarantees given pursuant to the Senior Finance Documents (including Repayment Instalments, any guarantee commissions, commitment fees agency fees or other fees owing to any Secured Party under the Senior Finance Documents), and any other finance costs and debt service obligations set out in the Senior Finance Documents that would have been paid or payable out of revenue that would have been received but for the occurrence of loss or damage;</li> <li>ii. Other fixed costs (include insurance costs, administration costs, operations and maintenance costs, management and personnel costs as applicable, extension payments, electricity, water, fees, taxes and licenses) that would have been paid or payable out of revenue that would have been received but for the loss or damage; and</li> <li>iii. Increased Cost of Working i.e. the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or reducing the amount for which the insurers are liable, but not exceeding the sum by which such amount otherwise payable is reduced, less any sums saved in respect of such costs as may cease or be reduced in consequence of the delay.</li> </ol> |

|                           |                                                                                                                                                                                                                                                                                                                   |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Minimum Sum Insured       | The sum equivalent to the probable maximum loss for (I) and (II) above combined as agreed by the Intercreditor Agent (in consultation with the Senior Lenders' Insurance Consultant).                                                                                                                             |
| Territorial Limit         | Indonesia                                                                                                                                                                                                                                                                                                         |
| Maximum Deductibles       | I) USD1,000,000 combined single excess each and every occurrence of loss or damage;<br>II) 60 days in the aggregate for the policy period.                                                                                                                                                                        |
| Conditions and Extensions | a) 72 Hours;<br>b) Debris Removal;<br>c) Professional Fees; and<br>d) Lenders' Endorsements.                                                                                                                                                                                                                      |
| Exclusions                | a) Chemical/Biological Release;<br>b) Electronic Means;<br>c) Pollution;<br>d) Radioactive Contamination;<br>e) War and civil war;<br>f) Seizure, Confiscation, requisition, detention, legal or illegal occupation, embargo, quarantine or any order of public or government authority; and<br>g) Threat & Hoax. |

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## PART D

### Insurance Policy Endorsements

#### ENDORSEMENTS AND ACKNOWLEDGEMENTS UNDER DIRECT INSURANCES

In addition to any other endorsements that may be required under Part A of Schedule 7 ( *Construction Phase Insurances* ), Part B of Schedule 7 ( *Operation Phase Insurances* ), Part C of Schedule 7 ( *Construction and Operation Phase Insurances* ) above, each direct insurance policy (except workers' compensation, automobile vehicle liability and waterborne craft liability) shall contain the following endorsements and acknowledgements:

1. In this endorsement, it is agreed that:

“ **Borrower** ” means each of Kyuden Sarulla Pte. Ltd., Orsarulla Inc., PT Medco Geopower Sarulla, Sarulla Operations Ltd and Sarulla Power Asset Limited.

“ **IDR** ” means the lawful currency of the Republic of Indonesia.

“ **Insured Parties** ” means, severally, the insureds named in the insurance policy, including any additional co-insured under the insurance policy and, for the avoidance of doubt, includes each of the Senior Secured Parties.

“ **Insurer** ” means the relevant insurer under this insurance contract.

“ **Insurances** ” means all contracts and policies of insurance of any kind which are from time to time taken out by the Borrower.

“ **Intercreditor Agent** ” means Mizuho Bank, Ltd. and its successors or any replacement appointed pursuant to the provisions of the Common Terms Agreement and the Intercreditor Deed.

“ **Offshore Security Agent** ” means Mizuho Bank (USA) and its successors.

“ **Onshore Security Agent** ” means PT. Bank Mizuho Indonesia and its successors.

“ **Senior Secured Parties** ” means the Intercreditor Agent, the Offshore Security Agent, the Onshore Security Agent, the JBIC Facility Agent and the banks and other institutions who are co-insured hereunder and are involved in providing funding, financing, financial accommodation and hedging facilities to the Borrower in relation to the Project. The phrase shall include any agent, assignee, transferee, successor or novated, replacement or additional creditor of or in relation to any of the foregoing.

“ **USD** ” means the lawful currency of the United States of America.

2. Until such time as the Onshore Security Agent shall have notified the Insurer in writing to the contrary, all proceeds which become payable under the terms and conditions of the Insurances as a result of liability of the Insured Parties arising in connection with an insured claim shall be applied as follows subject to all applicable laws, regulations and court orders:

- (a) for all such proceeds payable for or in respect of third party liability, employer's liability, automobile third party liability and workers' compensation insurance to the extent that the same are not paid to or on behalf of the Borrower in accordance with the terms of the Insurances: to be paid directly to the third party to whom that liability is owed;

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- (b) for all such proceeds payable for or in respect of loss of revenue or business interruption: to be paid to the account designated “Offshore Pre-Completion Revenue Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125103 or, after you have been directed in writing by the Onshore Security Agent, the account designated “Offshore General Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125111;
- (c) for all such proceeds payable for or in respect of any delay in start-up: to be paid to the account designated “Offshore Pre-Completion Revenue Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125103 or, after you have been directed in writing by the Onshore Security Agent, the account designated “Offshore General Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125111; and
- (d) to the extent that paragraphs (a), (b) and (c) above do not apply: to be paid to the account designated “Insurance Proceeds Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125200,

provided that after such notification has been received by the Insurer from the Onshore Security Agent, all such proceeds shall be paid to the order of the Onshore Security Agent until the Insurer is notified by the Onshore Security Agent to the contrary. For the avoidance of doubt, this clause 2 shall not apply to any losses to the extent that payments for such losses have already been made by the Insurer to the Insured Parties hereon.

A payment made by the Insurer in accordance with this clause shall discharge the liability of the Insurer to the Insured Parties to the extent of that payment.

The Insurer agrees that this Clause 2 shall not be altered, modified or cancelled except in the manner provided in this insurance contract, while this insurance contract is in force.

3. The Insurer:

- (a) acknowledges that it has been notified that the Borrower has assigned by way of first ranking security to the Senior Secured Parties all of its right, title and interest in this insurance and in the subject matter of the insurance; and
- (b) confirms that it has not been notified of any other assignment of or security interest in the Borrower’s interest in this insurance.

4. The Insurer acknowledges that the Senior Secured Parties are each additional insureds under the insurance policy.

5. The sums insured and risks covered under the insurances may not be reduced in any way without the prior written consent of the Intercreditor Agent.

6. Other than specifically provided elsewhere, the Insurer agrees that the insurance cover provided by this insurance policy shall be primary to and not excess to any other insurance policy (except in respect of layers or contributing with any other insurance policy maintained by the Insured Parties). The Insurer waives all rights of contribution against any other insurance policy effected by the Senior Secured Parties.

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7. The Insurer hereby agrees that claims are payable, subject to the other requirements stated herein, despite:
- (a) the negligence of the Borrower;
  - (b) any enforcement or related proceedings (other than proceedings relating to insurance) in respect of the Borrower or the Project; or
  - (c) any change of legal or beneficial ownership in the assets that are insured or any revenues from such assets for any period.
8. The Insurer hereby waives all rights of subrogation which it may have or may acquire against any of the Borrower or the Senior Secured Parties or their affiliates, consultants, officers, directors and employees, and any other party to the extent required by contract.
9. The Insurer acknowledges that the Senior Secured Parties are not liable for payment of any premium payable in respect of this insurance. The Insurer shall not be entitled to offset any sums payable to the Senior Secured Parties against premium or other monies owing to the Insurer.
10. It is noted and agreed that the Insured Parties hereunder comprise more than one party each operating as a separate and distinct entity, and that cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each such Insured Party; provided the total liability of the Insurer to all of the Insured Parties collectively shall not exceed the sums insured and the Limits of Indemnity, including any inner limits set by memorandum or endorsement, stated in the insurance contract.
11. It is understood and agreed that any payment or payments by the Insurer to any one or more such Insured Parties shall reduce to the extent of that payment or payments the Insurer's liability to all such parties arising from any one occurrence giving rise to a claim under this insurance contract and (if applicable) in the aggregate.
12. It is further understood that the Insured Parties (other than under the Senior Finance Documents) will at all times preserve and enforce the various contractual agreements entered into by the Insured Parties and the contractual remedies of such parties in the event of any loss or damage.
13. It is further understood and agreed that the Insurer shall be entitled to avoid liability under the insurance contract, or (as may be appropriate) claim damages from, any of the Insured Parties in circumstances of fraud, fraudulent misrepresentation, material non-disclosure or wilful breach of any warranty or condition of this Policy committed by that Insured Party (each referred to in this condition as a "Vitiating Act").
14. It is however agreed that a Vitiating Act committed by one Insured Party shall not prejudice the right to indemnity of any other Insured Party who has a severable insurable interest and who has not committed a Vitiating Act.
15. The Insurer hereby agrees to waive all rights of subrogation which it may have or acquire against any Insured Party in respect of damage or claims insured hereunder except where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act, in which circumstances the Insurer may enforce such rights notwithstanding the continuing or former status of the vitiating party as an Insured Party; but provided always that the Insurer will not exercise any such rights of subrogation howsoever arising against or in competition with or to the prejudice of the rights of the Senior Secured Parties in respect of their interest in the Policy or in monies secured thereon.
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16. The Insurer hereby agrees that, until such time as the Intercreditor Agent, for and on behalf of the Senior Secured Parties, shall have notified the Insurer in writing to the contrary, it shall:
- (a) advise the Intercreditor Agent of any proposed cancellation or notice of cancellation, reduction in coverage, material alteration, termination or expiry of any insurance coverage or policy at least thirty (30) days before such cancellation, notice of cancellation, material alteration, termination or expiry takes effect (except with regard to cancellation for strikes or war risks, in which case the notice period shall be seven (7) days (or forty-eight (48) hours with regard to the United States of America));
  - (b) promptly advise the Intercreditor Agent of any default by the Borrower in the payment of any premium, or the failure by the Borrower to renew any existing insurance coverage or policy, and give the Intercreditor Agent not less than thirty (30) days' notice prior to cancelling such insurance coverage or policy to allow the Intercreditor Agent to pay any outstanding or defaulted premium or to renew any existing insurance coverage or policy; and
  - (c) promptly advise the Intercreditor Agent of:
    - (i) any act or omission or any event of which any Insurer has knowledge and which such Insurer considers might invalidate or render unenforceable in whole or in part any related insurance or insurance coverage;
    - (ii) any restriction or reduction in the scope or amount of cover (including any increase in deductible or any addition to the exclusions); and
    - (iii) any claim exceeding USD1,000,000 or its equivalent in any other currency.
17. All notices or other communications under or in connection with this policy will be given in writing or by e-mail or fax. Any such notice will be deemed to be given as follows:
- (a) if in writing, when delivered;
  - (b) if by e-mail, when received in legible form by the recipient; and
  - (c) if by fax, when transmitted but only if, immediately after the transmission, the sender's fax machine records the correct answerback.

The address, e-mail and fax number of the Intercreditor Agent for all notices under or in connection with this policy are those notified from time to time by the Intercreditor Agent for this purpose to the Borrower's broker at the relevant time. The initial address, e-mail and fax of the Intercreditor Agent are as follows:

The Intercreditor Agent: Mizuho Bank, Ltd.

Attn: Patricia Yap / Yvonne Ong

Telephone: +65 6416-0644 / +65 416-0633

Facsimile: +65 6416-0658/ +65 6416-0659

E-mail: patricia.yap@mizuho-cb.com / yvonne.ong@mizuho-cb.com

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18. The Senior Secured Parties shall have no duty of disclosure to the Insurer.

19. This endorsement overrides any conflicting provision in this insurance policy.

Notwithstanding the above, it is hereby understood and agreed that the above provisions are agreed subject to the following:

- (a) the survey conditions as per the Survey Risk Management Clause contained in the original policy wording shall remain paramount;
  - (b) the notice of cancellation in respect of war, strikes, riots and civil commotions risks as per the Cancellation Clause contained in the original policy wording shall remain paramount; and
  - (c) notice of cancellation by the Insurer deemed to be notice to the Insured Parties.
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## ENDORSEMENTS AND ACKNOWLEDGEMENTS UNDER REINSURANCES

In addition to any other endorsements that may be required under Part A of Schedule 7( *Construction Phase Insurances* ), Part B of Schedule 7 ( *Operation Phase Insurances* ) or Part C of Schedule 7 ( *Construction and Operation Phase Insurances* ), each reinsurance contract shall contain the following endorsements and acknowledgements:

1. In this endorsement, it is agreed that:

“ **Borrower** ” means each of Kyuden Sarulla Pte. Ltd., Orsarulla Inc., PT Medco Geopower Sarulla, Sarulla Operations Ltd and Sarulla Power Asset Limited.

“ **IDR** ” means the lawful currency of the Republic of Indonesia.

“ **Insured Parties** ” means, severally, the Insurer and the other insureds named in the original insurance policy, including any additional co-insured under the original insurance policy and, for the avoidance of doubt, includes each of the Senior Secured Parties.

“ **Insurer** ” means the relevant insurer or insurers reinsured under this reinsurance contract.

“ **Intercreditor Agent** ” means Mizuho Bank, Ltd. and its successors or any replacement appointed pursuant to the provisions of the Common Terms Agreement and the Intercreditor Deed.

“ **Offshore Security Agent** ” means Mizuho Bank (USA) and its successors.

“ **Onshore Security Agent** ” means PT. Bank Mizuho Indonesia and its successors.

“ **Reinsurances** ” means all contracts and policies of facultative reinsurance of any kind which are from time to time taken out by the Insurer on behalf of the Borrower.

“ **Reinsurer** ” means the reinsurers with whom the Reinsurances are placed from time to time in accordance with the Common Terms Agreement.

“ **Senior Secured Parties** ” means the Intercreditor Agent, the Offshore Security Agent, the Onshore Security Agent, the JBIC Facility Agent and the banks and other institutions who are co-insured hereunder and are involved in providing funding, financing, financial accommodation and hedging facilities to the Borrower in relation to the Project. The phrase shall include any agent, assignee, transferee, successor or novated, replacement or additional creditor of or in relation to any of the foregoing.

“ **USD** ” means the lawful currency of the United States of America.

2. Until such time as the Offshore Security Agent shall have notified the Reinsurer in writing to the contrary, all proceeds which become payable under the terms and conditions of the Reinsurances as a result of liability of the Insured Parties arising in connection with an insured claim shall be applied as follows subject to all applicable laws, regulations and court orders:

- (a) for all such proceeds payable for or in respect of third party liability, employer’s liability, automobile third party liability and workers’ compensation insurance to the extent that the same are not paid to or on behalf of the Borrower in accordance with the terms of the Insurances: to be paid directly to the third party to whom that liability is owed;
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- (b) for all such proceeds payable for or in respect of loss of revenue or business interruption: to be paid to the account designated “Offshore Pre-Completion Revenue Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125103 or, after you have been directed in writing by the Onshore Security Agent, the account designated “Offshore General Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125111;
- (c) for all such proceeds payable for or in respect of any delay in start-up: to be paid to the account designated “Offshore Pre-Completion Revenue Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125103 or, after you have been directed in writing by the Offshore Security Agent, the account designated “Offshore General Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125111; and
- (d) to the extent that paragraphs (a), (b) and (c) above do not apply: to be paid to the account designated “Insurance Proceeds Account” maintained in the name of Sarulla Operations Ltd with Mizuho Bank, Ltd., Account Number F10-749-125200,

provided that after such notification has been received by the Reinsurer from the Offshore Security Agent, all such proceeds shall be paid to the order of the Offshore Security Agent until the Reinsurer is notified by the Offshore Security Agent to the contrary. For the avoidance of doubt, this clause 2 shall not apply to any losses to the extent that payments for such losses have already been made by the Reinsurer to the Insurer hereon.

A payment made by the Reinsurer in accordance with this clause shall discharge the liability of the Reinsurer to the Insurer and the Insured Parties to the extent of that payment.

The Reinsurer agrees that this Clause 2 shall not be altered, modified or cancelled except in the manner provided in this reinsurance contract, while this reinsurance contract is in force.

3. The Reinsurer:

- (a) acknowledges that it has been notified that the Insurer has assigned by way of first ranking security to the Senior Secured Parties all of its right, title and interest in this reinsurance and in the subject matter of the reinsurance;
- (b) acknowledges that it has been notified that the Borrower has assigned by way of first ranking security to the Senior Secured Parties all of its right, title and interest in the underlying direct insurance that is the subject of this reinsurance contract and in the subject matter of the direct insurance that is the subject of this reinsurance contract; and
- (c) confirms that it has not been notified of any other assignment of or security interest in the Insurer’s interest in this reinsurance or the Borrower’s interest in the underlying direct insurance.

4. The Reinsurer acknowledges that the Senior Secured Parties are each additional insureds under the underlying direct insurance policy and their interests are endorsed as such under the underlying direct insurance policy and on this reinsurance contract.

5. The sums insured and risks covered under the insurances may not be reduced in any way without the prior written consent of the Intercreditor Agent.

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6. Other than specifically provided elsewhere, the Reinsurer agrees that the insurance cover provided by this reinsurance policy shall be primary to and not excess to any other reinsurance policy (except in respect of layers or contributing with any other reinsurance policy maintained by the Insured Parties). The Reinsurer waives all rights of contribution against any other reinsurance policy effected by the Senior Secured Parties.
  7. The Reinsurer hereby agrees that claims are payable, subject to the other requirements stated herein, despite:
    - (a) the negligence of the Borrower;
    - (b) any enforcement or related proceedings (other than proceedings relating to insurance) in respect of the Borrower or the Project; or
    - (c) any change of legal or beneficial ownership in the assets that are insured or any revenues from such assets for any period.
  8. The Reinsurer hereby waives all rights of subrogation which it may have or may acquire against any of the Borrower or the Senior Secured Parties or their affiliates, consultants, officers, directors and employees, and any other party to the extent required by contract.
  9. The Reinsurer acknowledges that the Senior Secured Parties are not liable for payment of any premium payable in respect of this reinsurance. The Reinsurer shall not be entitled to offset any sums payable to the Senior Secured Parties against premium or other monies owing to the Reinsurer.
  10. It is noted and agreed that the Insured Parties hereunder comprise more than one party each operating as a separate and distinct entity, and that cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each such Insured Party; provided the total liability of the Reinsurer to all of the Insured Parties collectively shall not exceed the sums insured and the Limits of Indemnity, including any inner limits set by memorandum or endorsement, stated in the reinsurance contract.
  11. It is understood and agreed that any payment or payments by the Reinsurer to any one or more such Insured Parties shall reduce to the extent of that payment or payments the Reinsurer's liability to all such parties arising from any one occurrence giving rise to a claim under this reinsurance contract and (if applicable) in the aggregate.
  12. It is further understood that the Insured Parties (other than under the Senior Finance Documents) will at all times preserve and enforce the various contractual agreements entered into by the Insured Parties and the contractual remedies of such parties in the event of any loss or damage.
  13. It is further understood and agreed that the Reinsurer shall be entitled to avoid liability under the reinsurance contract, or (as may be appropriate) claim damages from, any of the Insured Parties in circumstances of fraud, fraudulent misrepresentation, material non-disclosure or wilful breach of any warranty or condition of this Policy committed by that Insured Party (each referred to in this condition as a "Vitiating Act").
  14. It is however agreed that a Vitiating Act committed by one Insured Party shall not prejudice the right to indemnity of any other Insured Party who has a severable insurable interest and who has not committed a Vitiating Act.
  15. The Reinsurer hereby agrees to waive all rights of subrogation which it may have or acquire against any Insured Party in respect of damage or claims insured hereunder except where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act, in which circumstances the Reinsurer may enforce such rights notwithstanding the continuing or former status of the vitiating party as an Insured Party; but provided always that the Reinsurer will not exercise any such rights of subrogation howsoever arising against or in competition with or to the prejudice of the rights of the Senior Secured Parties in respect of their interest in the Policy or in monies secured thereon.
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16. The Reinsurer hereby agrees that, until such time as the Intercreditor Agent, for and on behalf of the Senior Secured Parties, shall have notified the Insurer in writing to the contrary, it shall:
- (a) advise the Intercreditor Agent of any proposed cancellation or notice of cancellation, reduction in coverage, material alteration, termination or expiry of any insurance coverage or policy at least thirty (30) days before such cancellation, notice of cancellation, material alteration, termination or expiry takes effect (except with regard to cancellation for strikes or war risks, in which case the notice period shall be seven (7) days (or forty-eight (48) hours with regard to the United States of America));
  - (b) promptly advise the Intercreditor Agent of any default by the Borrower in the payment of any premium, or the failure by the Borrower to renew any existing insurance coverage or policy, and give the Intercreditor Agent not less than thirty (30) days' notice prior to cancelling such insurance coverage or policy to allow the Intercreditor Agent to pay any outstanding or defaulted premium or to renew any existing insurance coverage or policy; and
  - (c) promptly advise the Intercreditor Agent of:
    - (i) any act or omission or any event of which any Reinsurer has knowledge and which such Reinsurer considers might invalidate or render unenforceable in whole or in part any related insurance or reinsurance coverage;
    - (ii) any restriction or reduction in the scope or amount of cover (including any increase in deductible or any addition to the exclusions); and
    - (iii) any claim exceeding USD1,000,000 or its equivalent in any other currency.
17. All notices or other communications under or in connection with this policy will be given in writing or by e-mail or fax. Any such notice will be deemed to be given as follows:
- (a) if in writing, when delivered;
  - (b) if by e-mail, when received in legible form by the recipient; and
  - (c) if by fax, when transmitted but only if, immediately after the transmission, the sender's fax machine records the correct answerback.
18. The address, e-mail and fax number of the Intercreditor Agent for all notices under or in connection with this policy are those notified from time to time by the Intercreditor Agent for this purpose to the Borrower's broker at the relevant time. The initial address, e-mail and fax of the Intercreditor Agent are as follows:

The Intercreditor Agent: Mizuho Bank, Ltd.

Attn: Patricia Yap / Yvonne Ong

Telephone: +65 6416-0644 / +65 416-0633

Facsimile: +65 6416 0658/ +65 6416 0659

E-mail: patricia.yap@mizuho-cb.com / yvonne.ong@mizuho-cb.com

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19. The Senior Secured Parties shall have no duty of disclosure to the Reinsurer.
20. This endorsement overrides any conflicting provision in this Reinsurance policy.

Notwithstanding the above, it is hereby understood and agreed that the above provisions are agreed subject to the following:

- (a) the survey conditions as per the Survey Risk Management Clause contained in the original policy wording shall remain paramount;
  - (b) the notice of cancellation in respect of war, strikes, riots and civil commotions risks as per the Cancellation Clause contained in the original policy wording shall remain paramount; and
  - (c) notice of cancellation by the Reinsurer deemed to be notice to the Insured Parties.
-

**PART E**

**FORM OF BROKER'S LETTER OF UNDERTAKING**

To:     Mizuho Bank, Ltd. (the **Intercreditor Agent** )  
as agent for the Senior Secured Parties

[Date]

Dear Sirs,

**The construction, ownership, operation and maintenance of a 330 MW geothermal power plant and associated infrastructure to be built in Sarulla, North Sumatra, Republic of Indonesia**

1.       We confirm that we are insurance brokers to each of Kyuden Sarulla Pte. Ltd., Orsarulla Inc., PT Medco Geopower Sarulla, Sarulla Operations Ltd and Sarulla Power Asset Limited (the **Borrower** ) in respect of the Insurances (as defined below), arranged by us in relation to this Project. We have been requested by the Borrower, to provide you certain confirmations relating to the Insurances.
  2.       Accordingly, in our reasonable opinion as insurance brokers, we hereby confirm to you in accordance with the terms of this letter:
    - 2.1      that the insurances and/or, to the extent placed by us, the reinsurances summarised in Appendix 1 attached to this letter (the **Insurances/Reinsurances** ) have been arranged by us and will be, on or before the First Drawdown Date, in full force and effect in respect of the risks and liabilities they cover, as evidenced by the attached cover notes / policies in Appendix 2 attached to this Letter;
    - 2.2      that as at the date of First Drawdown Date all premiums due to date in respect of the Insurances/Reinsurances are paid. We do not, however, make any representations regarding the reputation or financial position of any captive insurer with whom the Insurances/Reinsurances are placed, nor regarding any insurers' or reinsurers' current or future solvency or ability to pay claims;
    - 2.3      that a notice of assignment of insurances or reinsurances, as relevant ( **Notice of Assignment** ), in substantially the form attached to this letter as Appendix 3, will be, on or before the First Drawdown Date , served on each insurer or reinsurer (as relevant) in respect of each of the Insurances/Reinsurances referenced in Schedule 7 Parts A, B and C of the Common Terms Agreement dated [● ] among the Borrower, the Intercreditor Agent, the other agents party thereto and the financial institutions named therein (the **Common Terms Agreement** ). Further we confirm that the endorsements to the Insurance policies attached to this letter as Appendix 4 (the **Endorsements** ) have also been made in respect of the Insurance policies;
    - 2.4      we have arranged the Insurances/Reinsurances on the basis of information and instructions given by the Borrower. We have not made any particular or special enquiries regarding the Insurances/Reinsurances beyond those that we normally make in the ordinary course of arranging such insurances on behalf of our insurance broking clients. We do not represent that the Insurances/Reinsurances are suitable or sufficient to meet the needs of the Senior Secured Parties, who must take their own advice, as they consider necessary to protect their own position; and
    - 2.5      the confirmations set out in this paragraph 2 are given by reference to our state of knowledge at the date hereof.
-

3. We hereby confirm:
- 3.1 as soon as reasonably possible after being requested to do so by you, to notify all insurers and reinsurers of the Insurances/Reinsurances, of a Notice of Assignment of the Insurances/Reinsurances and to use our reasonable endeavours to procure that each insurer and reinsurer acknowledges such Notice of Assignment within seven (7) working days of the First Drawdown Date; and
- 3.2 as soon as reasonably possible after being requested to do so by you, to use our reasonable endeavours to procure that each insurer and reinsurer of the Insurances/Reinsurances, referenced in Schedule 7, Parts A, B and C to the Common Terms Agreement, endorses the relevant Insurance policy/Reinsurance contract with the Endorsements,
- in each case except as already provided under paragraph 2.3 above.
4. We hereby further agree to notify you as soon as reasonably possible:
- 4.1 being at least 30 days prior to the natural expiry of any Insurance/Reinsurance, with details of any information reasonably available to us regarding renewal arrangements, including premiums, insurers/reinsurers, and terms and conditions of renewal cover or alternatively, if this is the case, to notify you of the fact that no such renewal arrangements have been put in place;
- 4.2 when we are informed by an insurer or reinsurer of any changes in the terms of any Insurance/Reinsurance which we reasonably believe, if effected, would result in any material reduction in limits or alteration in coverage (including those resulting from extensions) or material increase in deductibles, exclusions or exceptions;
- 4.3 if any premium due has not been paid when due, or if any insurer or reinsurer gives notice of cancellation, non-renewal or avoidance of any Insurance/Reinsurance;
- 4.4 of any act or omission or of any event of which we have been notified by the Borrower and which in our reasonable opinion might reasonably be foreseen as invalidating any Insurance/Reinsurance or rendering it void, avoidable or unenforceable in whole or in part;
- 4.5 of any incident or event of which we have been notified of a claim amount exceeding USD1,000,000 or its equivalent in any other currency by the Borrower; and
- 4.6 after giving or receiving notice of termination of our appointment as insurance broker in relation to the Insurances/Reinsurances.
5. The above undertakings are subject to our continuing appointment as insurance and reinsurance broker to the Borrower in relation to the Insurances/Reinsurances and following termination of such appointment we shall be immediately released from all our obligations set out in this letter.
6. For the avoidance of doubt all undertakings and other confirmations given in this letter relate solely to the Insurances/Reinsurances. They do not apply to any other insurances or reinsurances and nothing in this letter should be taken as providing any undertakings or confirmations in relation to any insurance or reinsurance that ought to have been placed or may at some future date be placed by other brokers.
-

The above undertakings are given subject to our lien, if any, on the Insurances/Reinsurances for premiums due under the Insurances/Reinsurances and subject to our right of cancellation (if any) following default in excess of 30 days in payment of such premiums but subject to our continuing to be the brokers to the Borrower. We agree to notify you as soon as practicable if any such premiums are not paid to us by the due date and use reasonable endeavours to give you a reasonable opportunity of paying such outstanding premiums before notification of cancellation.

This letter has been prepared exclusively for the use of the addressee for the specific purpose of the lending by the Senior Secured Parties. No responsibility is accepted to any third party for the whole or any part of its contents and in the event that it is disclosed to a third party any and all liability howsoever arising to such third party is hereby expressly excluded.

It is understood and agreed that nothing in this letter shall override our obligations at law which cannot be waived or overridden by agreement to place the interests of our client the Borrower before all other considerations. Nothing in this letter shall require us to act in breach of our regulatory duties or obligations from time to time.

This letter is given by us on the instructions of the Borrower and with the Borrower's full knowledge and consent as to its terms.

Please countersign and return a copy of this letter to indicate that you accept its terms, failing which you should not rely upon the contents of this letter and we disclaim any duty of care to you.

By signing you also warrant that you have authority to and do so bind yourself and any third parties for whom you are agent to the terms of this letter.

Save as provided in this letter, it is to be understood by the Offshore Security Agent, the Onshore Security Agent and the Senior Secured Parties that they may not rely on any advice which we have given to the Borrower, and they must take such steps and advice of their own as they consider necessary in order to protect their own position.

Except to the extent that liability may not be so limited or excluded under applicable laws and save in respect of fraud, death or personal injury, our aggregate liability to the Senior Secured Parties and/or the Borrower under or in connection with this letter, howsoever caused and whether arising under tort, contract or otherwise, shall in any and all events be limited to the sum of USD1,000,000.

The capitalised terms used herein but not otherwise defined shall have the meanings ascribed to them in the Common Terms Agreement.

This letter shall be governed by and shall be construed in accordance with English law and any dispute as to its terms shall be submitted to the exclusive jurisdiction of the courts of England and Wales.

Yours faithfully,

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For and on behalf of  
**[Borrower in the case of an Insurance Broker Letter of Undertaking]**

**[Direct insurer in case of Reinsurance Broker Letter of Undertaking]**

Acknowledged and agreed by

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For and on behalf of the Borrower

Appendix 1    List of insurances (reinsurances in the case of Reinsurance Broker Letter)

Appendix 2    Cover notes / policies

Appendix 3    Notice of assignment

Appendix 4    Lenders' Endorsements





**Schedule 8**

Form Of Construction And Drilling Progress Report

**Sarulla Geothermal  
Power Plant Project**

**CONSTRUCTION & DRILLING PROGRESS REPORT FOR SARULLA GEOTHERMAL PROJECT**

**THE MONTH ENDING [MONTH], [20XX]**

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1. EXECUTIVE SUMMARY
2. WORK COMPLETED UP TO THIS MONTH
- 2.1 General
- 2.2 Engineering

[Reporting guidance: Provide discussion of any material progress and/or issues related to engineering work during the period.]

| Hyundai Supply Agreement                      |                  |          |
|-----------------------------------------------|------------------|----------|
| Description                                   | Percent Complete | Comments |
| [Include line items as appropriate for scope] |                  |          |
|                                               |                  |          |
|                                               |                  |          |

| Hyundai Construction Agreement & LNTP Work related |                  |          |
|----------------------------------------------------|------------------|----------|
| Description                                        | Percent Complete | Comments |
| [Include line items as appropriate for scope]      |                  |          |
|                                                    |                  |          |
|                                                    |                  |          |
|                                                    |                  |          |
|                                                    |                  |          |

2.3 Procurement & Manufacturing <sup>5</sup>

| Hyundai Supply Agreement                      |                  |          |
|-----------------------------------------------|------------------|----------|
| Description                                   | Percent Complete | Comments |
| [Include line items as appropriate for scope] |                  |          |
|                                               |                  |          |
|                                               |                  |          |

| Hyundai Construction Agreement                |                  |          |
|-----------------------------------------------|------------------|----------|
| Description                                   | Percent Complete | Comments |
| [Include line items as appropriate for scope] |                  |          |
|                                               |                  |          |
|                                               |                  |          |
|                                               |                  |          |
|                                               |                  |          |

2.4 Wellfield Drilling Update

- 2.4.1 Production
- 2.4.2 Injection
- 2.4.3 Testing

2.5 Construction

- 2.5.1 General
- 2.5.2 Civil, foundations and buildings
- 2.5.3 Mechanical and piping
- 2.5.4 Electrical
- 2.5.5 Sub-Station and T- line (Special Facilities)
- 2.5.6 PLN T-Line & Sub-Station
- 2.5.7 Manpower

|                   |       |
|-------------------|-------|
|                   | Total |
| Outsourced Labour |       |
| Direct Labour     |       |
| Total             |       |

\* Manpower table to be provided by major craft and by site

2.6 Start-up and Commissioning

2.7 Activities Planned but not Carried out During the Month

2.8 Quality Assurance

- 2.8.1 Soil Compaction Tests
- 2.8.2 Concrete Testing

| Mix Design | Number of Samples<br>this Period | Total Number of<br>Samples | Avg. 7 day Break<br>Strength | Avg. 28 day Break<br>Strength | STD Dev. 28<br>day | Number Failed @<br>28 days | Comments |
|------------|----------------------------------|----------------------------|------------------------------|-------------------------------|--------------------|----------------------------|----------|
|            |                                  |                            |                              |                               |                    |                            |          |
|            |                                  |                            |                              |                               |                    |                            |          |
|            |                                  |                            |                              |                               |                    |                            |          |

### 2.8.3 NDE Welds Testing

| Tests This Month |                  |                           |                      |                        | Total Number Rejections and Repair Status |                |           |          |
|------------------|------------------|---------------------------|----------------------|------------------------|-------------------------------------------|----------------|-----------|----------|
| Test Type        | Tests This Month | Total Rejected This Month | Total Tested to Date | Total Rejected to Date | Location                                  | Total Repaired | % Repairs | Comments |

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

### 3. DESCRIPTION OF EXPECTED FUTURE ACTIVITIES

#### 3.1 General

##### Contractors:

| No | Contractor           | Responsibility |
|----|----------------------|----------------|
| 1. | Hyundai Supply       |                |
| 2. | Hyundai Construction |                |
| 3. | IPM Contractor       |                |
| 4. | [Name]               |                |

#### 3.2 Engineering

#### 3.3 Procurement & Manufacturing

- STG Equipment
- OEC Equipment
- Other Equipment

#### 3.4 Wellfield Development

##### 3.4.1 Production

##### 3.4.2 Injection

##### 3.4.3 Testing

#### 3.5 Construction

##### 3.5.1 General

##### 3.5.2 Civil, foundations and buildings

##### 3.5.3 Mechanical and piping

##### 3.5.4 Electrical

##### 3.5.5 Sub-Station and T- line

##### 3.5.6 PLN T-Line & Sub-Station (to the extent information is available)

#### 3.6 Start-up and Commissioning

### 4. PROGRESS PROJECT SCHEDULE

#### 4.1 See Project Schedule in Appendix 3

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4.2 Progress curve including forecast and actual

5. ENVIRONMENTAL AND SAFETY

5.1 Training

[Training to be detailed based on actual training held. The below is example for illustration]

Mass Safety Meetings held on [ ].  
Tool Training for [ ] held on [ ].  
Fall Protection Training for [ ] held on [ ].  
Confined Space Training for [ ] held on [ ].  
Industrial Hygiene for [ ] held on [ ].

5.2 Safety

For the month there were [ ] near misses, [ ] lost time incidents and [ ] fatalities. <sup>6</sup> The project totals to date are [ ] near misses, [ ] lost time incidents and [ ] fatalities. See Appendix 4 for tabulated data by subcontractor.

5.3 Environmental & Social <sup>7</sup>

5.4 Permits status table

6. BUDGET

6.1 Change Order Status

The following table gives a status of signed change orders as well as lists the scope changes requested to date.

Change Order Request Log

| Change Order Number | Contract | Description | Date Submitted | Estimated Amount | Approved or Resolved and Date | Approved Amount | Remarks |
|---------------------|----------|-------------|----------------|------------------|-------------------------------|-----------------|---------|
|                     |          |             |                |                  |                               |                 |         |
|                     |          |             |                |                  |                               |                 |         |
|                     |          |             |                |                  |                               |                 |         |

6.2 Budget Summary and Forecast

The original project budget is [ ]. There are [ ] of approved change orders resulting in an approved budget of [ ]. The forecast cost of the Project at completion is [ ]. See Appendix 5 for the detailed budget summary and forecast.

7. APPENDICES

Appendix 1 – Supply Contract Procurement Status

<sup>6</sup> NOTE: Please provide discussion of any LTI and/or fatalities that occurred during the period.  
<sup>7</sup> NOTE: Please provide discussion of any environmental issues and mitigation measures that occurred during the period.

**Appendix 2 – Construction Contract Progress Status**

**Appendix 3 – Project Schedule**

**Appendix 4 – Project Safety Statistics**

**Appendix 5 – Budget Summary and Forecast**

**Appendix 6 – Photographs from Site**

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## Schedule 9

### Form Of Operation Report

Report Date: [ ]

Operating report for the period between DD/MM/20XX and DD/MM/20XX

#### 1. Generation

##### a. Generation Summary

| <i>SIL</i>                | <i>For the period</i> | <i>YTD 20XX</i> |
|---------------------------|-----------------------|-----------------|
| Net Energy Sales (MWh)    |                       |                 |
| Avg. Daily Generation(MW) |                       |                 |
| Availability (%)          |                       |                 |

| <i>NIL</i>                | <i>For the period</i> | <i>YTD 20XX</i> |
|---------------------------|-----------------------|-----------------|
| Net Energy Sales (MWh)    |                       |                 |
| Avg. Daily Generation(MW) |                       |                 |
| Availability (%)          |                       |                 |

##### b. Generation by Generating Unit

| <i>Generating Unit</i>                             | <i>Operational<br/>Hours during<br/>Period</i> | <i>Generation<br/>MWh during<br/>Period (Gross)</i> | <i>Avg. Daily<br/>Generation MW<br/>during<br/>Period (Gross)</i> | <i>YTD hr</i> | <i>YTD MWh<br/>(Gross)</i> | <i>YTD MW<br/>(Gross)</i> |
|----------------------------------------------------|------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------|---------------|----------------------------|---------------------------|
| SIL (split to three rows – STG, Bottoming, Brine)  |                                                |                                                     |                                                                   |               |                            |                           |
| NIL 1(split to three rows – STG, Bottoming, Brine) |                                                |                                                     |                                                                   |               |                            |                           |
| NIL 2(split to three rows – STG, Bottoming, Brine) |                                                |                                                     |                                                                   |               |                            |                           |
| <i>Total</i>                                       | □                                              |                                                     |                                                                   | □             |                            |                           |

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c. Summary of Power Generation

| <i>SIL</i>                                     | <i>Units</i> | <i>During Reporting Period</i> | <i>Accumulated during<br/>Calendar Year</i> |
|------------------------------------------------|--------------|--------------------------------|---------------------------------------------|
| <i>Indicator</i>                               |              |                                |                                             |
| Power Plant Gross Generation                   | MWh          |                                |                                             |
| Aux. Load                                      |              |                                |                                             |
| Net Energy Sales                               |              |                                |                                             |
| Avg. Daily Generation                          | MW           |                                |                                             |
| Average Power corrected by ambient temperature | MW           |                                |                                             |
| Steam Rate                                     |              |                                |                                             |
| Availability                                   | %            |                                |                                             |
| Average Ambient Temperature                    | °C           |                                |                                             |

| <i>NIL</i>                                     | <i>Units</i> | <i>During Reporting Period</i> | <i>Accumulated during<br/>Calendar Year</i> |
|------------------------------------------------|--------------|--------------------------------|---------------------------------------------|
| <i>Indicator</i>                               |              |                                |                                             |
| Power Plant Gross Generation                   | MWh          |                                |                                             |
| Aux. Load                                      |              |                                |                                             |
| Net Energy Sales                               |              |                                |                                             |
| Avg. Daily Generation                          | MW           |                                |                                             |
| Average Power corrected by ambient temperature | MW           |                                |                                             |
| Steam Rate                                     |              |                                |                                             |
| Availability                                   | %            |                                |                                             |
| Average Ambient Temperature                    | °C           |                                |                                             |

2. Maintenance Summary

a. Down time

Definition: Generating Unit is not available if it is stopped for preventive or corrective maintenance.

(i) Maintenance Hours:

| <i>Generating Unit</i> | <i>Site</i> | <i>Down time during p eriod<br/>for corrective maintenance</i> | <i>Down time during period<br/>for preventive<br/>maintenance</i> | <i>Total Down Time<br/>during period</i> | <i>Total Down Time<br/>during calendar year</i> |
|------------------------|-------------|----------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------|-------------------------------------------------|
| e.g. STG               | e.g. SIL    |                                                                |                                                                   |                                          |                                                 |
| e.g. #1 Bottoming OEC  | e.g. SIL    |                                                                |                                                                   |                                          |                                                 |
|                        |             |                                                                |                                                                   |                                          |                                                 |
|                        |             |                                                                |                                                                   |                                          |                                                 |



(ii) Corrective Maintenance

| Generating Unit       | Site     | Date   | Corrective Maintenance Events | Down Time |
|-----------------------|----------|--------|-------------------------------|-----------|
| e.g. STG              | e.g. SIL | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
| e.g. #1 Bottoming OEC | e.g. SIL | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |
|                       |          | [Date] | [Event]                       |           |

b. Maintenance Activities/Events Summary:

Power Grid:

- [Preventive maintenance done as per schedule]

Balance of Plant:

- [Monthly and weekly done as per schedule.]
- [Early generation main steam line was repaired.]
- [Annual maintenance for EG BOP was done.]

Well field and Gathering System:

- [Procedures done on schedule.]

STG Units:

- [e.g. Monthly and weekly PM done accordingly on all units.]
- [e.g. Commissioning of condensate bypass control valves.]
- [e.g. Annual maintenance for units was done as scheduled.]

OEC Units:

- [e.g. Monthly and weekly PM done accordingly on all units.]
  - [e.g. Generating Unit 4 feed pump 9300B failed and pulled out for further investigation.]
  - [e.g. Commissioning of condensate bypass control valves.]
-

Plant Outages:

[Include discussion on scope of the outages in current year, forecast duration and schedule/timing.]

**3. Environmental Compliance Status**

[Reporting guidance: Please include results of periodical H2S monitoring program as a report attachment]

**4. Power Plant Safety Status**

| Event                                                  | [Example Topics] | Date   |
|--------------------------------------------------------|------------------|--------|
| Last Safety and Health Committee Training              |                  | [Date] |
| Last Safety and Health Committee Meeting               |                  | [Date] |
| Last Basic Occupational Safety and Health Training     |                  | [Date] |
| Last Safety and Health meeting held (all)              |                  | [Date] |
| Last Fire Fighting Course                              |                  | [Date] |
| Last CPR and First Aid course                          |                  | [Date] |
| Last safety emergency response plan review             |                  | [Date] |
| Last Occupational Accident/Incident Committee Training |                  | [Date] |

a. Health and Safety Report

(The total lost time work hours logged during the specified reporting period should be reported to the appropriate regulatory agency.)

| Non-Fatal Injures                       | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year To-Date |
|-----------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| <b>Number of Injuries (note 1)</b>      |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time less than one day             |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time up to 3 days (note 2)         |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time more than 3 days (note 2)     |     |     |     |     |     |     |     |     |     |     |     |     |              |
| <b>Total Number of Injuries</b>         |     |     |     |     |     |     |     |     |     |     |     |     |              |
| <b>Time Lost (number of whole days)</b> |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time up to 3 days                  |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time more than 3 days              |     |     |     |     |     |     |     |     |     |     |     |     |              |
| <b>Total Time Lost (days)</b>           |     |     |     |     |     |     |     |     |     |     |     |     |              |

Note 1: Recorded on the day of the incident.

Note 2: The day on which an incident occurs is not included in the total

---

| Occupational Illness                         | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year To-Date |
|----------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| <b>Number of Positive Diagnoses (note 1)</b> |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time less than one day                  |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time up to 3 days (note 2)              |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time more than 3 days (note 2)          |     |     |     |     |     |     |     |     |     |     |     |     |              |
| <b>Total Number of Positive Diagnoses</b>    |     |     |     |     |     |     |     |     |     |     |     |     |              |
| <b>Time Lost (number of whole days)</b>      |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time up to 3 days                       |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Lost time more than 3 days                   |     |     |     |     |     |     |     |     |     |     |     |     |              |
| <b>Total Time Lost (days)</b>                |     |     |     |     |     |     |     |     |     |     |     |     |              |

Note 1: Recorded on the day of the positive diagnosis.

---

Note 2: The day on which an incident occurs is not included in the total

| Fatalities                    | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year To-Date |
|-------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| Number of Fatalities (note 1) |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Immediate                     |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Within a Month of Injury      |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Within a Year of Injury       |     |     |     |     |     |     |     |     |     |     |     |     |              |
| Total Number of Fatalities    |     |     |     |     |     |     |     |     |     |     |     |     |              |

Note 1: Recorded at time of death.

b. Provide copy of any official reporting to governmental agency

5. Comparison Between Operating Budget and Actual Performance

|                                                                          | Actual* |         |         |         |       | Budget*<br>Total |
|--------------------------------------------------------------------------|---------|---------|---------|---------|-------|------------------|
|                                                                          | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | Total |                  |
| <b>1. Fixed Costs</b>                                                    |         |         |         |         |       |                  |
| 1.1 Salaries                                                             |         |         |         |         |       |                  |
| 1.2 Site G&A                                                             |         |         |         |         |       |                  |
| 1.3 Property Insurance                                                   |         |         |         |         |       |                  |
| 1.4 Head Office G&A                                                      |         |         |         |         |       |                  |
| 1.5 Outsource (Security, Medical, etc.)                                  |         |         |         |         |       |                  |
| 1.6 Other / Misc.                                                        |         |         |         |         |       |                  |
|                                                                          |         |         |         |         |       |                  |
| <b>Total Fixed Costs Budget</b>                                          |         |         |         |         |       |                  |
| <b>2. Maintenance, Parts, Chemicals, etc.</b>                            |         |         |         |         |       |                  |
| 2.1 Scheduled Maintenance Cost                                           |         |         |         |         |       |                  |
| 2.2 Parts, repairs, consumables                                          |         |         |         |         |       |                  |
| 2.3 Chemicals                                                            |         |         |         |         |       |                  |
| 2.2 Other / Misc.                                                        |         |         |         |         |       |                  |
| <b>Total Variable Costs Budget</b>                                       |         |         |         |         |       |                  |
| <b>3. Wellfield Maintenance &amp; Monitoring / Other Capex</b>           |         |         |         |         |       |                  |
| 3.1 Wellfield Maintenance                                                |         |         |         |         |       |                  |
| 3.2 Reservoir Monitoring                                                 |         |         |         |         |       |                  |
| 3.2 CapEx                                                                |         |         |         |         |       |                  |
| 3.3 Other / Misc.                                                        |         |         |         |         |       |                  |
| <b>Total Wellfield Maintenance &amp; Monitoring / Other Capex Budget</b> |         |         |         |         |       |                  |

|                                             |  |  |  |  |  |  |
|---------------------------------------------|--|--|--|--|--|--|
| <b>4. O&amp;M Contingencies &amp; misc.</b> |  |  |  |  |  |  |
| 4.1 O&M Contingencies & misc.               |  |  |  |  |  |  |
| <b>5. Corporate Income Taxes</b>            |  |  |  |  |  |  |
| 5.1 Cash corporate income taxes             |  |  |  |  |  |  |
| <b>6. TOTAL</b>                             |  |  |  |  |  |  |

\* Sums are in thousand dollars.

| <b>Generation and Revenue</b>  | <b>1st Qtr</b> | <b>2nd Qtr</b> | <b>3rd Qtr</b> | <b>4th Qtr</b> | <b>YTD</b> |
|--------------------------------|----------------|----------------|----------------|----------------|------------|
| Projected Net Generation (MWh) |                |                |                |                |            |
| Actual Net Generation (MWh)    |                |                |                |                |            |
| Budgeted Revenue (M\$)         |                |                |                |                |            |
| Invoiced Amounts (M\$)         |                |                |                |                |            |

6. Annex - Monthly Generation Detail

[Reporting guidance: Please provide spreadsheet file that’s the basis for the tabulated monthly report data below along with the quarterly report .pdf file]

For SIL

|                                            | <i>Jan</i> | <i>Feb</i> | <i>Mar</i> | <i>Apr</i> | <i>May</i> | <i>Jun</i> | <i>Jul</i> | <i>Aug</i> | <i>Sep</i> | <i>Oct</i> | <i>Nov</i> | <i>Dec</i> | <i>YTD</i> |
|--------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| SIL Plant                                  |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Gross Generation (MWh)                     |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Auxiliary Use (MWh)                        |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Energy Sales (MWh)                         |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Scheduled / Preventive Maintenance (MWh)   |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Unscheduled / Corrective Maintenance (MWh) |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Maximum Load (MW)                          |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Minimum Load (MW)                          |            |            |            |            |            |            |            |            |            |            |            |            |            |

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|                                | <i>Jan</i> | <i>Feb</i> | <i>Mar</i> | <i>Apr</i> | <i>May</i> | <i>Jun</i> | <i>Jul</i> | <i>Aug</i> | <i>Sep</i> | <i>Oct</i> | <i>Nov</i> | <i>Dec</i> | <i>YTD</i> |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Average Load (MW)              |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Period Hours                   |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Operating Hours                |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Calculated Steam Usage (Ton)   |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Steam Temperature      |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Steam Pressure         |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Total Brine Usage (Ton)        |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Brine Temperature      |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Brine Pressure (bar g) |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Injection                      |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Total Injected (Ton)           |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Injection Temperature  |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Ambient Temperature    |            |            |            |            |            |            |            |            |            |            |            |            |            |

**FOR NIL – Separate Tables for NIL-1 and NIL-2**

|                                            | <i>Jan</i> | <i>Feb</i> | <i>Mar</i> | <i>Apr</i> | <i>May</i> | <i>Jun</i> | <i>Jul</i> | <i>Aug</i> | <i>Sep</i> | <i>Oct</i> | <i>Nov</i> | <i>Dec</i> | <i>YTD</i> |
|--------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| <b>NIL Plant</b>                           |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Gross Generation (MWh)                     |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Auxiliary Use (MWh)                        |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Energy Sales (MWh)                         |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Scheduled / Preventive Maintenance (MWh)   |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Unscheduled / Corrective Maintenance (MWh) |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Maximum Load (MW)                          |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Minimum Load (MW)                          |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Load (MW)                          |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Period Hours                               |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Operating Hours                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Calculated Steam Usage (Ton)               |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Steam Temperature                  |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Steam Pressure                     |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Total Brine Usage (Ton)                    |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Brine Temperature                  |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Brine Pressure (bar g)             |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Injection                                  |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Total Injected (Ton)                       |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Injection Temperature              |            |            |            |            |            |            |            |            |            |            |            |            |            |
|                                            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Average Ambient Temperature                |            |            |            |            |            |            |            |            |            |            |            |            |            |

**Schedule 10**

**Form Of Reservoir Monitoring Report**

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Quarterly Period Ending: [ Insert Date ]

I. Production Wells :

A. Typical Monthly Values.

- i. For each production well list a typical value set on one day mid-month for each month of the quarterly period.
- ii. Include wells that are shut-in.
- iii. Total [three (3) records] per well. Add rows as needed to be complete.

| Measured on Date |      |            |                | Other                        |                                                 | Status/Comments |
|------------------|------|------------|----------------|------------------------------|-------------------------------------------------|-----------------|
| Well             | Date | WHP (Barg) | Valve open (%) | Total production rate (T/hr) | Rate Basis two-phase orifice meter measurements |                 |
| #1               |      |            |                |                              |                                                 |                 |
| #1               |      |            |                |                              |                                                 |                 |
| #1               |      |            |                |                              |                                                 |                 |
| #2               |      |            |                |                              |                                                 |                 |
| #2               |      |            |                |                              |                                                 |                 |
| #2               |      |            |                |                              |                                                 |                 |
| Etc              |      |            |                |                              |                                                 |                 |

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B. End of Quarterly Period Data.

- i. For each production well list the applicable data at end-of- quarterly period.
- ii. Include wells that are shut-in.
- iii. Total *one* (1) record per well. Add rows as needed to be complete.

| Well | Hours operated during quarter | Date last enthalpy test | Enthalpy (kJ/kg) <sup>8</sup> | Period to Date Cumulative total mass (metric T) | Typical or assumed separation pressure (Barg) | Period to Date Cumulative steam (metric T) | Period to Date Cumulative brine (metric T) | Status/Comments |
|------|-------------------------------|-------------------------|-------------------------------|-------------------------------------------------|-----------------------------------------------|--------------------------------------------|--------------------------------------------|-----------------|
| #1   |                               |                         |                               |                                                 |                                               |                                            |                                            |                 |
| #2   |                               |                         |                               |                                                 |                                               |                                            |                                            |                 |
| #3   |                               |                         |                               |                                                 |                                               |                                            |                                            |                 |
| Etc  |                               |                         |                               |                                                 |                                               |                                            |                                            |                 |

II. Injection Wells:

A. Typical Monthly Values.

- i. For each production well list a typical value set on one day mid-month for each month of the quarterly period.
- ii. Include wells that are shut-in.
- iii. Total *[three (3) records]* per well. Add rows as needed to be complete.

| Well | Date | Injection rate (T/h) | Wellhead pressure (Barg) | Valve open (%) | Status/ Comments |
|------|------|----------------------|--------------------------|----------------|------------------|
| #4   |      |                      |                          |                |                  |
| #4   |      |                      |                          |                |                  |
| #4   |      |                      |                          |                |                  |
| #5   |      |                      |                          |                |                  |
| #5   |      |                      |                          |                |                  |
| #5   |      |                      |                          |                |                  |
| Etc  |      |                      |                          |                |                  |

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<sup>8</sup> Enthalpy values will only be updated when updated TFT data is obtained

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B. Each Quarterly Period of Data.

- i. For each production well list the applicable data at end-of-quarterly period.
- ii. Include wells that are shut-in.
- iii. Total *one* (1) record per well. Add rows as needed to be complete.

| Well | Hours operated this<br>3 months period | Period to date<br>Cumulative total<br>mass injected<br>(metric T) | Status/<br>Comments |
|------|----------------------------------------|-------------------------------------------------------------------|---------------------|
| #4   |                                        |                                                                   |                     |
| #5   |                                        |                                                                   |                     |
| #6   |                                        |                                                                   |                     |
| Etc  |                                        |                                                                   |                     |

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### III. Tracer Flow and Enthalpy Tests (TFT):

- A. For each production well, injection well or other sampling point list the associated data and append the TFT test report to this document.
- B. Add rows as needed to be complete.
- C. If the TFT report contains all applicable data, it is not necessary to fill out this table.

[illegible]

**IV. Chemical Sampling (wells and production header(s)) :**

- A. For each sample point list the activities undertaken and append the associated chemical analysis report to this document.
- B. Add rows as needed to be complete.
- C. If the analysis report contains all applicable data, it is not necessary.

[illegible]

**V. PTS and other Well Logs :**

- A. For each log run list the activities taken and append an electronic copy of the associated well log.
- B. Add rows as needed to be complete.

| Well | Date | Flowing? (days) | Shut In? (days) | Type of Log | Log Data Appended | Status/ Comments |
|------|------|-----------------|-----------------|-------------|-------------------|------------------|
|      |      |                 |                 |             |                   |                  |
|      |      |                 |                 |             |                   |                  |
|      |      |                 |                 |             |                   |                  |
|      |      |                 |                 |             |                   |                  |
|      |      |                 |                 |             |                   |                  |
|      |      |                 |                 |             |                   |                  |
|      |      |                 |                 |             |                   |                  |
|      |      |                 |                 |             |                   |                  |

**VI. Remedial Well Work :**

- A. For each well worked on list the activities taken and outcomes.
- B. Add rows as needed to be complete.

| Well | Date | Description of Operation and Outcome |
|------|------|--------------------------------------|
|      |      |                                      |
|      |      |                                      |
|      |      |                                      |
|      |      |                                      |

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**VII. Other Wellfield/Reservoir – Related Activities :**

- A. List and describe other activities and tests such as:
    - i. Use of scale inhibitors
    - ii. “James Tube Flow tests and data obtained.
    - iii. Reservoir Tracer Tests
  - B. Add rows as needed to be complete.
  - C. Any activity may be represented by appending an associated report.
-

## Schedule 11

### Physical And Operational Completion Certifications

#### 1. Certification Procedures

##### 1.1 Delivery of Certificates

- (a) Prior to the Lenders' Completion Date, the Borrower shall deliver:
  - (i) a physical completion certificate in the form set out in Annex A-1 to this Schedule (“ **Physical Completion Certificate** ”) to the Senior Lenders' Technical Advisor; and
  - (ii) an operational completion certificate in the form set out in Annex B-1 to this Schedule (“ **Operational Completion Certificate** ”) to the Senior Lenders' Reserves Consultant.
- (b) Following receipt:
  - (i) by the Senior Lenders' Technical Advisor of a Physical Completion Certificate issued in accordance with this Schedule, the Senior Lenders' Technical Advisor will, subject to the terms hereof, issue a physical completion confirmation in the form set out in Annex A-2 to this Schedule (“ **Physical Completion Confirmation** ”) to the Intercreditor Agent; and
  - (ii) by the Senior Lenders' Reserves Consultant of an Operational Completion Certificate issued in accordance with this Schedule, the Senior Lenders' Reserves Consultant will, subject to the terms hereof, issue an operational completion confirmation in the form set out in Annex B-2 to this Schedule (“ **Operational Completion Confirmation** ”) to the Intercreditor Agent.
- (c) The Intercreditor Agent shall deliver to the Borrower a copy of each Completion Certificate Confirmation promptly after receipt of the same by the Intercreditor Agent.

##### 1.2 Testing Periods

- (a) Not less than fifteen (15) Business Days prior to the proposed commencement of any Capacity Test Period or of any Operational Completion Test Period, the Borrower shall notify the Senior Lenders' Consultants and the Intercreditor Agent, in writing, of the proposed date on which the relevant Capacity Test Period or Operational Completion Test Period (as the case may be) will commence.
  - (b) Each of the Senior Lenders' Consultants shall be entitled to attend and witness all or part of the running of any test the subject of a Completion Certificate to be performed during the Capacity Test Period or Operational Completion Test Period (as the case may be), as determined by the relevant Senior Lenders' Consultant.
  - (c) Operations at the Field Facilities and at the Electricity Generation Facilities during any anticipated Operational Completion Test Period and the Capacity Test Period shall be conducted by Usual Operating Staff with supervision of Operator's commissioning team.
-

- (d) There shall be no limit to the number of times that Capacity Test Period or an Operational Completion Test Period may be commenced or to the tests performed, provided that:
  - (i) in each case the relevant test period ends prior to the Lenders' Completion Sunset Date;
  - (ii) the Operational Completion Test Period for a Generating Unit(s) pertaining to the Operational Completion Certificate issued to achieve the Lenders' Completion Date must end within 180 days of the end of the Capacity Test Period for that Generating Unit pertaining to the Physical Completion Certificate issued to achieve the Lenders' Completion Date or such other date as may be approved by the Senior Lenders' Technical Advisor and the Senior Lenders' Reserves Consultant;
  - (iii) the Capacity Test Period may be contemporaneous with the Operational Completion Test Period for each Generating Unit, provided that the Capacity Test Period is completed within seven (7) days after the commencement of the Operational Completion Test Period; and
  - (iv) The Operational Completion Test for the First Generating Unit shall not commence until each of the Second Generating Unit and Third Generating Unit has achieved its Unit COD.
- (e) During any Test Period, the Borrower shall use reasonable endeavours to operate each Generating Unit that is not the subject of a Test Period at its maximum electrical output capability.

### 1.3 Procedure for issue of Completion Certificates

- (a) Following satisfaction of the requirements specified in any Completion Certificate, the Borrower may issue or procure the issuance of such Completion Certificate and deliver the same to the Intercreditor Agent and a copy of the same to each of the Senior Lenders' Consultants.
  - (b) The Physical Completion Certificate shall be delivered before the Operational Completion Certificate has been issued.
  - (c) The relevant Senior Lenders' Consultant will no later than fifteen (15) Business Days after delivery of the Completion Certificates to the Intercreditor Agent in accordance with paragraph (a) above, either:
    - (i) issue the Completion Certificate Confirmation; or
    - (ii) notify the Intercreditor Agent and the Borrower that the relevant Senior Lenders' Consultant cannot issue the relevant Completion Certificate Confirmation, giving detailed reasons in writing.
  - (d) The Senior Lenders' Technical Advisor shall be responsible for the issue of the Physical Completion Confirmation and the Senior Lenders' Reserves Consultant shall be responsible for the issue of the Operational Completion Confirmation.
  - (e) If the Borrower considers that it will be unable to issue a Completion Certificate, including where the Demonstrated Capacity of a Generating Unit is less than the Target Unit Rated Capacity of that Generating Unit (the difference being referred to as the “ **Demonstrated Capacity Shortfall** ”), it shall promptly notify the Intercreditor Agent and the relevant Senior Lenders' Consultant.
-



- (f) If the Borrower fails to achieve the Target Unit Rated Capacity of any Generating Unit during its Capacity Test Period, the Borrower may proceed to complete the Operational Completion Test Period for that Generating Unit(s), provided (i) it first obtains the Intercreditor Agent's approval, and (ii) all arrangements required by the Intercreditor Agent (which may include a remedial plan) to address the Demonstrated Capacity Shortfall have been put in place (" **Demonstrated Capacity Shortfall Arrangements** ") to the satisfaction of the Intercreditor Agent.

#### 1.4 Capacity Test Procedures

- (a) The Borrower shall, in good faith, prepare draft Capacity Test Procedures.
- (b) The draft Capacity Test Procedures shall:
- (i) cover each Generating Unit;
  - (ii) be based on and reflect the Standard Operations Manual, Prudent Utility Practice and the procedures stipulated in the ESC for testing Unit Rated Capacity;
  - (iii) provide that corrections to the test results will be limited to those permitted under the ESC for Unit Rated Capacity. Corrections shall not be made for steam and brine temperature, and steam pressure and steam flow;
  - (iv) include the following information, as applicable, at a minimum:
    - (A) purpose of test;
    - (B) parties to the test;
    - (C) key personnel and their responsibilities;
    - (D) logistics governing the conduct of the test;
    - (E) equipment inspection and condition requirements;
    - (F) equipment operating conditions including required equipment status and a detailed valve line-up;
    - (G) required primary and secondary parameters where:
      - (I) primary parameters are those used directly to determine or calculate the test results, including the correction of the test results; and
      - (II) secondary parameters are those measured throughout the test period for informational and back-up purposes and to ensure test conditions are not violated, but do not directly enter into the calculation of results;
    - (H) special calibrated test instrumentation used for measurement of primary parameters and their location, in addition to post-test recalibration requirements;
-

- (I) instrumentation for secondary parameters and their location;
- (J) requirements for preliminary testing, including data acquisition system(s) functional checks;
- (K) frequency of data collection, format of data presentation, and duration of test;
- (L) steady state criteria;
- (M) raw data reduction and instrumentation calibration correction methodology;
- (N) detailed method for computation of test results with a sample calculation;
- (O) correction curves for adjustment of the as-tested results to the design basis conditions specified in the ESC for determination of Unit Rated Capacity. The procedure shall also contain all relevant equipment manufacturers' correction curves, methods and any other calculations used by a Power Plant Contractor in developing the correction curves;
- (P) sample data sheets;
- (Q) sample calculations;
- (R) test report requirements; and
- (S) a description of any deviation from test codes, methods and/or standards.

(c) The Borrower will:

- (i) deliver a draft of the Capacity Test Procedures to the Intercreditor Agent and the Senior Lenders' Technical Advisor for approval at least ninety (90) days prior to the date on which the Borrower proposes to commence the first Capacity Test Period; and
  - (ii) provide the Senior Lenders' Technical Advisor with such access as the Senior Lenders' Technical Advisor may require to the Standard Operations Manual.
- (d) The Senior Lenders' Technical Advisor will notify the Borrower in writing whether or not the Senior Lenders' Technical Advisor approves the draft Capacity Test Procedures not later than fifteen (15) Business Days after receipt by the Senior Lenders' Technical Advisor of the draft Capacity Test Procedures, providing detailed reasons, and the details of any proposed changes to the draft Capacity Test Procedures, in writing, if the Senior Lenders' Technical Advisor does not approve such draft Capacity Test Procedures.
- (e) If the Senior Lenders' Technical Advisor confirms within this time period that the Senior Lenders' Technical Advisor does not approve such draft Capacity Test Procedures, the Borrower shall deliver a revised draft Capacity Test Procedures (reflecting any changes required by the Senior Lenders' Technical Advisor) to the Senior Lenders' Technical Advisor for approval and the Senior Lenders' Technical Advisor will notify the Borrower in writing whether or not the Senior Lenders' Technical Advisor approves of the revised draft Capacity Test Procedures (and, if the Senior Lenders' Technical Advisor disapproves, providing detailed reasons, and proposed changes, in writing) not later than fifteen (15) Business Days after receipt by the Senior Lenders' Technical Advisor of the revised draft Capacity Test Procedures.
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- (f) The Capacity Test Procedures shall be effective following the approval of the Senior Lenders' Technical Advisor.

1.5 **Drilling and Testing Data Transfer and Numerical Modelling**

- (a) The Borrower shall provide to the Senior Lenders' Reserves Consultant a copy of the following data to the extent available:
- (i) all geological data and geochemical data available from the Field;
  - (ii) drilling records for each Well, test data derived from each Well and reports documenting such tests (in electronic form, where available); and
  - (iii) simultaneous group well test data and reports documenting such tests (in electronic form, where available),
- promptly after such test is completed and such data is available (but in the event of well testing, not later than 30 days thereafter). In connection with the provision of such information, Senior Lenders' Reserves Consultant may request clarification of any data, test or document provided by the Borrower and the Borrower use reasonable efforts to provide the clarification.
- (b) The Borrower acknowledges that the Senior Lenders' Reserves Consultant will use such information to construct and calibrate its reservoir numerical model for the purpose of making projections of future reservoir performance, including to verify the reservoir capacity, the Resource Completion Target and to verify the Well Maintenance and Drilling Projection.

1.6 **Operational Completion Test Procedures**<sup>9</sup>

- (a) The Borrower shall, in good faith, prepare draft Operational Completion Test Procedures.
- (b) The draft Operational Completion Test Procedures shall be based on and reflect the procedures stipulated in the relevant Standard Operations Manual and Prudent Utility Practice.
- (c) The draft Operational Completion Test Procedures shall also provide that:
- (i) prior to the Substantial Completion of each Generating Unit, the Production Wells must be tested in accordance with Exhibit D of the Initial Drilling Contract and an initial curve of the initial production rate as a function of wellhead pressure (" **Deliverability Curve** ") must be determined for each Production Well;
  - (ii) the Borrower must submit the results of the testing of the Production Wells and a draft Deliverability Curve to the Senior Lenders' Reserves Consultant within sixty (60) days after the completion of the testing of such wells pursuant to the Initial Drilling Contract. If required by the Senior Lenders' Reserves Consultant, the Production Wells will be retested to determine the Deliverability Curve. The Deliverability Curve will become effective following the approval of the Senior Lenders' Reserves Consultant;

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<sup>9</sup> Note to Lenders: Remains subject to Sponsors' further internal technical discussions.

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- (iii) in the period commencing not earlier than seven days prior to end of the Operational Completion Test Period, the steam and brine rates for each Production Well must be measured once (while producing at the characteristic wellhead pressure during the Operational Completion Test Period) by tracer flow testing (TFT), or by a method of equivalent accuracy proposed by the Borrower and approved by the Senior Lenders' Reserves Consultant;
  - (iv) if any Production Well is operating below or above its expected Well Production Capacity at its operating wellhead pressure with expected interference, its Well Production Capacity will be corrected by observing the production rate and wellhead pressure at that Production Well and comparing it to the Deliverability Curve for that Production Well. A correction will be made to account for interference between the Production Wells when they are operating simultaneously;
  - (v) prior to the Substantial Completion of each Generating Unit, the Injection Wells must be tested in accordance with the test procedures approved by the Senior Lenders' Reserves Consultant and an initial curve of the initial injection rate as a function of wellhead pressure or downhole pressure (" **Injectivity Curve** ") must be determined for each Injection Well;
  - (vi) the Borrower must submit the results of the testing of the Injection Wells and a draft Injectivity Curve to the Senior Lenders' Reserves Consultant within sixty (60) days after the completion of the testing of each Injection Well pursuant to the Initial Drilling Contract. If required by the Senior Lenders' Reserves Consultant, the Injection Wells will be retested to determine the Injectivity Curve. The Injectivity Curve will become effective following the approval of the Senior Lenders' Reserves Consultant;
  - (vii) if any Injection Well is operating below or above its expected Well Injection Capacity at its operating wellhead pressure with expected interference, its Well Injection Capacity will be corrected by observing the injection rate and wellhead pressure or downhole pressure at that Injection Well and comparing it to the Injectivity Curve for that Injection Well. A correction will be made to account for interference between the Injection Wells when they are operating simultaneously; and
  - (viii) the Senior Lenders' Reserve Consultant will independently make corrections to the observed capacities of the Production Wells and Injection Wells to estimate the well capacities relative to the Resource Completion Target;
  - (ix) if any Wells will be closed during the Operational Completion Test Period, the Senior Lenders' Reserve Consultant shall be satisfied with the capacity of such Wells and that the closure of such Wells will not materially impact the confirmations given by the Senior Lenders' Reserve Consultant in the Operational Completion Confirmation.
-

- (d) For each Field, the respective parameters (as set out in Table 1) for determining whether the Resource Completion Target has been achieved will be calculated in accordance with the Operational Completion Test Procedures and based on the actual performance of the Field's Production Wells, Injection Wells and Generating Unit(s) during the Capacity Test Period. The second column of Table 1 below shows the estimated parameters for geothermal energy at the Target Unit Rated Capacity. The third column shows the Resource Completion Targets. The values for pressure in the third column are estimates with respect to the Resource Completion Target.
  - (e) The Senior Lenders' Reserve Consultant will independently verify the Resource Completion Target using, among other things, the reservoir numerical model developed by the Senior Lenders' Reserves Consultant.
  - (f) The Borrower will:
    - (i) deliver a draft of the Operational Completion Test Procedures to the Intercreditor Agent and the Senior Lenders' Reserves Consultant for approval at least ninety (90) days prior to the date on which the Borrower proposes to commence the first Operational Completion Test Period; and
    - (ii) provide the Senior Lenders' Reserves Consultant with such access as the Senior Lenders' Reserves Consultant may require to the Standard Operations Manual.
  - (g) The Senior Lenders' Reserves Consultant will notify the Borrower in writing whether or not the Senior Lenders' Reserves Consultant approves the draft Operational Completion Test Procedures not later than fifteen (15) Business Days after receipt by the Senior Lenders' Reserves Consultant of the draft Operational Completion Test Procedures, providing detailed reasons, and details of any proposed changes to the draft Operational Completion Test Procedure, in writing if the Senior Lenders' Reserves Consultant does not approve such draft Operational Completion Test Procedures.
  - (h) If the Senior Lenders' Reserves Consultant confirms within this time period that the Senior Lenders' Reserves Consultant does not approve such draft Operational Completion Test Procedures, the Borrower shall deliver a revised draft Operational Completion Test Procedures (reflecting any changes required by the Senior Lenders' Reserves Consultant) to the Senior Lenders' Reserves Consultant for approval and the Senior Lenders' Reserves Consultant will notify the Borrower in writing whether or not the Senior Lenders' Reserves Consultant approves of the revised draft Operational Completion Test Procedures (and, if the Senior Lenders' Reserves Consultant disapproves, providing detailed reasons, and proposed changes, in writing) not later than fifteen (15) Business Days after receipt by the Senior Lenders' Reserves Consultant of the revised draft Operational Completion Test Procedures.
-

TABLE 1 <sup>10</sup>

| Parameter                      | SIL                                                  |                                                      |                    |
|--------------------------------|------------------------------------------------------|------------------------------------------------------|--------------------|
|                                | Target Unit Rated Capacity                           | Resource Completion Target                           | Development Target |
| MW (net)                       | 105.4                                                | To be determined in accordance with paragraph 1.6(d) | -                  |
| Steam Rate (t/h)               | 579                                                  | 666                                                  | 724                |
| Brine Rate (t/h)               | 2315.1                                               | 2,663                                                | 2,894              |
| At Wellhead Pressure (bar-a)   | 20.7                                                 | 20.7                                                 | 20.7               |
| At Separation Pressure (bar-a) | 20.0                                                 | 20.0                                                 | 20.0               |
| Injection Capacity (t/h)       | To be determined in accordance with paragraph 1.6(d) |                                                      |                    |

| Parameter                      | NIL                                                  |                                                      |                    |
|--------------------------------|------------------------------------------------------|------------------------------------------------------|--------------------|
|                                | Target Unit Rated Capacity                           | Resource Completion Target                           | Development Target |
| MW (net)                       | 215.4                                                | To be determined in accordance with paragraph 1.6(d) | -                  |
| Steam Rate (t/h)               | 1,444                                                | 1661                                                 | 1878               |
| Brine Rate (t/h)               | 6,141.4                                              | 7063                                                 | 7984               |
| At Wellhead Pressure (bar-a)   | 12.5                                                 | 12.5                                                 | 12.5               |
| At Separation Pressure (bar-a) | 11.0                                                 | 11.0                                                 | 11.0               |
| Injection Capacity (t/h)       | To be determined in accordance with paragraph 1.6(d) |                                                      |                    |

#### 1.7 Capacity Test Report

- (a) Immediately following completion of each Capacity Test Period, copies of all raw data shall be provided to the Intercreditor Agent and the Senior Lenders' Technical Advisor.

<sup>10</sup>

Note: The column entitled "Development Target" reflects the target values from the WestJEC report and we understand that this forms the basis upon which the make-up well drilling program has been determined. The parameters above are also referred to in Clause 18.5 (Drilling Program) of the Common Terms Agreement. The second column entitled "Target Unit Rated Capacity" sets out the estimated requirements to be achieved to ensure that a Generating Unit delivers the Target Unit Rated Capacity.

- (b) Preliminary test results shall be provided to the Intercreditor Agent and the Senior Lenders' Technical Advisor no later than three (3) Days following completion of the Capacity Test.
- (c) The Borrower shall prepare and provide to Intercreditor Agent and the Senior Lenders' Technical Advisor a detailed Capacity Test Report for approval by Senior Lenders' Technical Advisor. The Capacity Test Report shall include, as a minimum, the following information:
  - (i) date and time for the beginning and end of the Capacity Test Period;
  - (ii) names of the persons who witnessed the test;
  - (iii) description of the conditions under which the Capacity Test was conducted;
  - (iv) summary of all data and results; and
  - (v) conclusion, discussion, and analysis of the results, including an identification of any material deviations from the requirements set out in the Capacity Test Procedure.

#### 1.8 **Operational Completion Test Report**

- (a) Preliminary results of the Operational Completion Test Period, including all raw data, shall be provided to the Intercreditor Agent and the Senior Lenders' Reserves Consultant no later than five (5) Business Days following completion of the Operational Completion Test Period.
  - (b) The Borrower shall prepare and provide to the Intercreditor Agent and the Senior Lenders' Reserves Consultant a detailed Operational Completion Test Report for approval by Senior Lenders' Reserves Consultant. The Operational Completion Test Report shall include, as a minimum, the following information:
    - (i) date and time for the beginning and end of the test period;
    - (ii) names of the persons who witnessed the test;
    - (iii) description of the conditions under which the test was conducted;
    - (iv) summary of all test data and results, including detailed data of the performance of power plants, separators and wells during the test period;
    - (v) conclusion, discussion, and analysis of the results, including an identification of any material deviations requirements set out in the Operational Completion Test Procedure; and
    - (vi) details of any outages.
-

## 1.9 Definitions

In this Clause 1.9 (Definitions) and in the Completion Certificates and the Completion Certificate Confirmations, the following terms have the following meanings:

|                                                       |                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Capacity Test Procedures”</b>                     | means the procedures and requirements to be followed and complied with during the Capacity Test Period and used to determine whether the Capacity Test Period criteria have been satisfied, as developed and approved in accordance with Clause 1.4 ( <i>Capacity Test Procedures</i> ). |
| <b>“Capacity Test Report”</b>                         | means a report provided to the Intercreditor Agent and the relevant Senior Lenders’ Advisor in accordance with Clause 1.7 ( <i>Capacity Test Report</i> ).                                                                                                                               |
| <b>“Capacity Test Period”</b>                         | means a period of seventy two (72) consecutive hours commencing on a date notified by the Borrower to the Intercreditor Agent and the Senior Lenders’ Technical Advisor.                                                                                                                 |
| <b>“Combined Generating Units”</b>                    | means the Second Generating Unit and Third Generating Unit.                                                                                                                                                                                                                              |
| <b>“Completion Certificate”</b>                       | means the Physical Completion Certificate or the Operational Completion Certificate.                                                                                                                                                                                                     |
| <b>“Completion Certificate Confirmation”</b>          | means the Physical Completion Confirmation or the Operational Completion Confirmation.                                                                                                                                                                                                   |
| <b>“Deliverability Curve”</b>                         | has the meaning given to it in Clause 1.6 ( <i>Operational Completion Test Procedures</i> ) above.                                                                                                                                                                                       |
| <b>“Demonstrated Capacity”</b>                        | means, in respect of a Generating Unit, the actual average generating capacity specified in paragraph 6 or 7 of the Physical Completion Certificate.                                                                                                                                     |
| <b>“Demonstrated Capacity Shortfall”</b>              | has the meaning given to it in paragraph 1.3 above.                                                                                                                                                                                                                                      |
| <b>“Demonstrated Capacity Shortfall Arrangements”</b> | has the meaning given to it in paragraph 1.3 above.                                                                                                                                                                                                                                      |
| <b>“Fields”</b>                                       | means the Namora-I-Langit Field and the Silangkitang Field.                                                                                                                                                                                                                              |
| <b>“Injectivity Curve”</b>                            | has the meaning given to it in Clause 1.6(c)(v).                                                                                                                                                                                                                                         |

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|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Injection Well”</b>                          | means a well at the Project Site that is designated for injection of liquids discharged from a Generating Unit, and is connected for injection of liquids in accordance with the Power Plant Construction Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Minimum Performance Guarantee”</b>           | in respect of a Generating Unit, has the meaning given to it in the Power Plant Supply Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Operational Completion Certificate”</b>      | has the meaning given to it in Clause 1.1(a) of this Schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Operational Completion Certificate Date”</b> | has the meaning given to it in the Operational Completion Certificate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Operational Completion Confirmation”</b>     | has the meaning given to it in Clause 1.1(b)(ii) of this Schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Operational Completion Test Period”</b>      | means a period of at least thirty (30) days commencing on a date notified by the Borrower to the Intercreditor Agent and the Senior Lenders’ Reserves Consultant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Operational Completion Test Procedures”</b>  | means the procedures and requirements to be followed and complied with during the Operational Completion Test Period as developed and approved in accordance with Clause 1.6 ( <i>Operational Completion Test Procedures</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Operational Completion Test Report”</b>      | means a report provided to the Intercreditor Agent and the relevant Senior Lenders’ Advisor in accordance with Clause 1.8 ( <i>Operational Completion Test Report</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“ Permitted Suspension ”</b>                  | <p>means any period in which the Operational Completion Test Period is suspended, provided that:</p> <ul style="list-style-type: none"> <li>(a) such suspension is not intentionally caused by the Borrower (including persons under its control) acting with all due care and diligence;</li> <li>(b) the period of the suspension, when aggregated together with all periods of suspension during the Operational Completion Test Period, is less than one hundred sixty eight (168) hours,</li> </ul> <p>and the Senior Lenders’ Reserves Consultant has confirmed (in writing) that the suspension will not materially affect the confirmations given by the Senior Lenders’ Reserves Consultant in the Operational Completion Confirmation.</p> |

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|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Physical Completion Certificate”</b>      | has the meaning given to it in Clause 1.1(a) of this Schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Physical Completion Certificate Date”</b> | has the meaning given to it in the Physical Completion Certificate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Physical Completion Confirmation”</b>     | has the meaning given to it in Clause 1.1(b)(i) of this Schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Production Well”</b>                      | means a well at the Project Site that is designated for production of steam and/or liquids to one or more of the Generating Units, and is connected for production in accordance with the Power Plant Construction contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Required Unit Rated Capacity”</b>         | has the meaning given to it in paragraph 8 of the Operational Completion Certificate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Resource Completion Target”</b>           | means: <ul style="list-style-type: none"> <li>(a) for each Field, a combined Well Production Capacity of fifteen per cent. (15%) greater than the Well Production Capacity required to ensure that each Generating Unit at such Field achieves: <ul style="list-style-type: none"> <li>i. the Target Unit Rated Capacity; or</li> <li>ii. subject to the Intercreditor Agent’s approval pursuant to Clause 1.3 above, the Demonstrated Capacity; and</li> </ul> </li> <li>(b) for each Field, a combined Well Injection Capacity of fifteen per cent. (15%) greater than the Well Injection Capacity required to ensure that each Generating Unit at such Field achieves: <ul style="list-style-type: none"> <li>i. the Target Unit Rated Capacity;</li> <li>ii. subject to the Intercreditor Agent’s approval pursuant to Clause 1.3 above, the Demonstrated Capacity.</li> </ul> </li> </ul> |
| <b>“Senior Lenders’ Consultants”</b>          | means the Senior Lenders’ Technical Advisor and the Senior Lenders’ Reserves Consultant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                     |                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Standard Operations Manual”</b> | means the Borrower's standard operations manual in respect of the Electricity Generation Facilities and the Field Facilities.                                                                                                                                                                                          |
| <b>“Target Unit Rated Capacity”</b> | means: <ul style="list-style-type: none"> <li>(a) in respect of the First Generating Unit, 105.4 MW;</li> <li>(b) in respect of the Second Generating Unit, 107.7 MW; and</li> <li>(c) in respect of the Third Generating Unit, 107.7 MW.</li> </ul>                                                                   |
| <b>“Test Period”</b>                | means a Capacity Test Period or an Operational Completion Test Period.                                                                                                                                                                                                                                                 |
| <b>“Usual Operating Staff”</b>      | means the regular operations staff employed by the Operator under employment contracts, long-term support, services or secondment contracts including (without limitation) those with any Equity Party or any Affiliate of any Equity Party or (for purposes of maintenance) any vendor, contractor or sub-contractor. |
| <b>“Well”</b>                       | means a Production Well or an Injection Well.                                                                                                                                                                                                                                                                          |
| <b>“Well Production Capacity”</b>   | means the ability of a Production Well to deliver, to one or more Generating Units, and at a specified operating wellhead pressure, geothermal fluid at a rate and enthalpy sufficient to be separated into steam and brine flows at specified rates (expressed in t/h), at a specified separation pressure.           |
| <b>“Well Injection Capacity”</b>    | means the ability of an Injection Well to accept, from one or more Generating Units, and at a specified operating wellhead pressure, geothermal fluid at a specified rate (t/h).                                                                                                                                       |

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Annex A – 1

Form Of Physical Completion Certificate

To:

[Intercreditor Agent]  
[Address]

Attention:

Copy:

[Technical Consultant]  
[Address]

Attention:

**Sarulla Project**  
**Physical Completion Certificate** 11

Dear Sir / Madam,

We refer to the common terms agreement dated [ *specify date* ] between [ *specify parties* ] (the **Common Terms Agreement** ). Capitalised terms used but not defined in this Physical Completion Certificate shall have the same meanings as are given to them in the Common Terms Agreement.

This Physical Completion Certificate is dated as of [ *specify date* ] (the **Physical Completion Certificate Date** ).

The Borrower hereby certifies, as of the Physical Completion Certificate Date, that:

1. The Electricity Generation Facilities and the Field Facilities have been procured and/or constructed in all material respects in accordance with the provisions of the Power Plant Contracts and, in the case of the Field Facilities, the Initial Drilling Contract and the Power Plant Contracts. All Certificates of Substantial Completion and a Certificate of Final Facility Completion delivered under the Power Plant Construction Contract are attached hereto.
2. Each Generating Unit has achieved its Unit COD. The Unit Rated Capacity achieved by each Generating Unit in the most recent Unit Rated Capacity Test (as defined in the ESC) is set out below:
  - (a) First Generating Unit: [ • ] MW, and therefore is not less than the Minimum Performance Guarantee for the First Generating Unit;
  - (b) Second Generating Unit: [ • ] MW, and therefore is not less than the Minimum Performance Guarantee for the Second Generating Unit; and
  - (c) Third Generating Unit: [ • ] MW, and therefore is not less than the Minimum Performance Guarantee for the Third Generating Unit.
3. Either (i) the Power Plant Contractor has paid in full all Performance Liquidated Damages (if any) it is required to pay in respect of any failure to achieve the Guaranteed Net Deliverable Capacity for a Generating Unit or (ii) if and to the extent that there are any amounts which are due and payable under the Project Documents but unpaid as at the Lenders' Completion, such unpaid amounts have been finally determined and there is in place appropriate performance securities in an aggregate amount not less than the aggregate unpaid amounts, in form and substance satisfactory to the Intercreditor Agent.

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<sup>11</sup> Two Physical Completion Certificates may be issued; one for the First Generating Unit and one for the Combined Generating Units.

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4. The Special Facilities have been procured and/or constructed in all material respects in accordance with the provisions of each of the Power Plant Contracts and the ESC. The Special Facilities Taking Over Date (as defined in Annex 7 of the ESC) has occurred for all elements of the Special Facilities and a certificate confirming Taking-Over (as defined in Annex 7 of the ESC) has been issued by the Borrower to PLN (a copy of which is attached hereto);
5. The Work (as that term is defined in the Initial Drilling Contract) under the Initial Drilling Contract has been completed except for customary “punchlist” items. Each Completion Certificate (as that term is defined in the Initial Drilling Contract) required to be issued under the Initial Drilling Contract has been issued in accordance with the Initial Drilling Contract (a copy of each of which is attached hereto).
6. The Capacity Test Period for the First Generating Unit commenced on [ • ] and ended on [ • ]. During that Capacity Test Period, the First Generating Unit (operating in compliance with the Capacity Test Procedures), has achieved an actual average net generating capacity <sup>12</sup> of [ • ] MW, which is [less than the Target Unit Rated Capacity] OR [is not less than the Target Unit Rated Capacity] <sup>13</sup> for the First Generating Unit.
7. The Capacity Test Period for the Combined Generating Units commenced on [ • ] and ended on [ • ]. During that Capacity Test Period for the Combined Generating Units, the Third Generating Unit and the Second Generating Unit were operated simultaneously (in compliance with Capacity Test Procedures) and achieved the following actual average net generating capacity: <sup>14</sup>
- (a) Second Generating Unit: [ • ] MW, which is [less than the Target Unit Rated Capacity] OR [is not less than the Target Unit Rated Capacity] <sup>15</sup> for the Second Generating Unit; and
- (b) Third Generating Unit: [ • ] MW, which [less than the Target Unit Rated Capacity] OR [is not less than the Target Unit Rated Capacity] <sup>16</sup> for the Third Generating Unit
- [ If the Demonstrated Capacity of any Generating Unit is less than the Target Unit Rated Capacity for that Generating Unit, then insert: We have established the Demonstrated Capacity Shortfall Arrangements to address the Demonstrated Capacity Shortfall, and are in full compliance therewith].
8. The Borrower is in possession of, or has entered into contractual arrangements under which the Borrower is entitled to require timely delivery (determined by reference to the Borrower's operation and maintenance strategy) of:

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<sup>12</sup> Note: The Capacity Test Procedures will state that generating capacity specified here will be determined on the basis of the corrections permitted under the ESC. The corrections permitted under the Power Plant Contract should not be applied.

<sup>13</sup> Select as appropriate.

<sup>14</sup> Note: The Capacity Test Procedures will state that generating capacity specified here will be determined on the basis of the corrections permitted under the ESC. The corrections permitted under the Power Plant Contract should not be applied.

<sup>15</sup> Select as appropriate.

<sup>16</sup> Select as appropriate.

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- (a) all Mandatory Spares (as defined in the Power Plant Construction Contract and the Power Plant Supply Contract) which, in accordance with Prudent Utility Practices, are material to the operation of the Plant; and
- (b) all other critical spares that are, in accordance with Prudent Utility Practices, material to the operations of the Plant and which are otherwise not readily available to the Borrower on a timely basis determined by reference to the Borrower's operation and maintenance strategy,

in each case in sufficient quantity to cover the two-year period beginning on the Physical Completion Certificate Date.

- 9. The punch list as described in Section 22.1(a)(x) of the Power Plant Construction Contract has been agreed among the Borrower and the Power Plant Construction Contractor (and reviewed by the Senior Lenders' Technical Advisor) and all items shall have been completed or a cash reserve in the amount of one hundred and fifty percent (150%) of the estimated cost to complete (as confirmed by the Senior Lenders' Technical Advisor) has been established by the Borrower or the Borrower has retained one hundred and fifty percent (150%) of the estimated cost to complete from amounts payable to the Power Plant Construction Contractor in accordance with clause 6.10(d) of the Power Plant Construction Contract, or the Power Plant Construction Contractor has provided performance securities in the amount of one hundred and fifty percent (150%) of the estimated cost to complete in accordance with clause 6.10 (d) of the Power Plant Construction Contract.
- 10. The Borrower is in full compliance with its obligations under the current Environmental Management Plan, Environmental Impact Assessment and all other Environmental and Social Laws.

By: [Borrower's Authorised Signatory]

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**Annex A – 2**

**Physical Completion Confirmation**

To:

[Intercreditor Agent]

[Address]

Attention:

Copy:

[Borrower]

[Address]

Attention:

**Sarulla Project**  
**Physical Completion Confirmation**

Dear Sir / Madam,

We refer to:

- (a) the common terms agreement dated [ *specify date* ] between [ *specify parties* ] (the **Common Terms Agreement** ); and
- (b) the Physical Completion Certificate dated [ *specify date* ] delivered by the Borrower to you under the Common Terms Agreement, a copy of which is attached to this Physical Completion Certificate Confirmation (the **Physical Completion Confirmation** ).

Capitalised terms used but not defined in this Physical Completion Confirmation shall have the same meanings as are given to them in the Common Terms Agreement.

We hereby certify, as of [ *insert applicable date* ] ( **Physical Completion Confirmation Date** ), that:

- 1. We have reviewed the Physical Completion Certificate.
- 2. The Borrower has provided us with copies of the Certificate of Final Facility Completion, each Certificate of Substantial Completion and each Completion Certificate referred to in the Physical Completion Certificate (together with any punchlist schedules or other annexes attached to each such certificate).
- 3. The Borrower has provided us with:
  - (a) all opportunity and access we requested of the Borrower in order to witness:
    - (i) each of the Commissioning Tests (as defined in the Power Plant Construction Contract) and each of the tests specified in Section 4 (Final Tests) of the Schedule of Tests to the Power Plant Construction Contract; and
    - (ii) the operation of the Second Generating Unit and the Third Generating Unit during the Integrated Capacity Test Period; and

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- (b) the Capacity Test Report including copies of any calculation prepared by the Borrower and any supporting documentation, in connection with the determination of the Demonstrated Capacity specified in paragraph 6 of the Physical Completion Certificate.
- 4. The Borrower has also provided us with the following information: [ *detail any other information provided by the Borrower in respect of the Physical Completion Certificate* ].
- 5. We have reviewed the documents referred to in paragraphs 1 to 4 (inclusive) above and have performed such analysis and procedures that we have, in our reasonable judgment, deemed necessary for the purposes of issuing this Physical Completion Confirmation.
- 6. Based on the carrying out of the reviews, analysis and procedures referred to in paragraph 5 above, we hereby certify that, as of the Physical Completion Confirmation Date:
  - (a) we have no reason to believe that the certifications of the Borrower set forth in the Physical Completion Certificate are not reasonable and accurate; and
  - (b) the calculations that form the basis of the certifications contained in the Physical Completion Certificate are accurate in all material respects.

[Senior Lenders' Technical Advisor]

By:

---



**Annex B-1**

**Form Of Operational Completion Certificate**

To:

[Intercreditor Agent]

[Address]

Attention:

Copy:

[Technical Consultant]

[Address]

Attention:

Attention:

**Sarulla Project  
Operational Completion Certificate**

Dear Sir / Madam,

We refer to the common terms agreement dated [ *specify date* ] between [ *specify parties* ] (the **Common Terms Agreement** ). Capitalised terms used but not defined in this certificate shall have the same meanings as are given to them in the Common Terms Agreement.

1. The Operational Completion Test Period for the First Generating Unit comprised a period of [thirty (30) consecutive days and commenced on [ • ] and ended on [ • ]] OR [thirty (30) days and commenced on [ • ] and ended on [ • ], and included Permitted Suspensions at the following times: [ • ].
2. The Operational Completion Test Period for the Combined Generating Unit comprised a period of [thirty (30) consecutive days and commenced on [ • ] and ended on [ • ]] OR [thirty (30) days and commenced on [ • ] and ended on [ • ], and included Permitted Suspensions at the following times: [ • ].
3. All Operational Completion Test Periods were completed within a period of one hundred and twenty (120) days (including any Permitted Suspension).

**Drilling and development of each Well**

4. Each Well [as described in Annex A hereto] has been drilled and completed in accordance with Prudent Utility Practice and the approved Drilling Program.
  5. Each of the Well Testing Facilities have been constructed in accordance with the Initial Drilling Contract and are being operated in accordance with Prudent Utility Practice.
  6. All connections between the Wells and Electricity Generation Facilities have been constructed, operated and maintained in accordance with Prudent Utility Practice.
-

## **Operational Completion Test Period**

During each Operational Completion Test Period (other than during any Permitted Suspension):

7. the Electricity Generation Facilities and the Field Facilities were operated in accordance with the Operational Completion Test Procedures.
8. the following parameters were recorded at least once per hour:
  - (a) wellhead pressure of each production well;
  - (b) separation pressure at the inlet to each separator, and steam pressure from the combined flow from the separator stations leaving each well pad;
  - (c) steam flow rate from the combined flow from the separator stations leaving each well pad;
  - (d) brine flow rate from the combined flow from each separator;
  - (e) brine flow rate from the total flow entering each Generating Unit;
  - (f) total steam and brine flow to each Generating Unit;
  - (g) gross and net generation of Electricity at each Generating Unit;
  - (h) combined brine and condensate flow rate to each injection well;
  - (i) wellhead pressure or downhole pressure at each injection well;
  - (j) downhole (reservoir) pressure in any dedicated monitoring wells.
9. The measurements recorded in accordance with paragraph 6 above have been provided to the Senior Lenders' Reserves Consultant.

## **Electricity Generation Facilities**

10. During the Operational Completion Test Period (other than during any Permitted Suspension) for the First Generating Unit:
  - (a) the Borrower operated the Plant in accordance with the Operational Completion Test Procedures; and
  - (b) the actual average net generating capacity of First Generating Unit was at least 90% of the [Target Unit Rated Capacity/Demonstrated Capacity]<sup>17</sup> for the First Generating Unit.  
  
[If the Demonstrated Capacity is less than the Target Unit Rated Capacity, the Borrower is in compliance with all of the Demonstrated Capacity Shortfall Arrangements]
2. During the Operational Completion Test Period for the Second Generating Unit and Third Generating Unit (other than during any Permitted Suspension):

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<sup>17</sup> Note, the Demonstrated Capacity should be used in this certification if the Intercreditor Agent has approved Demonstrated Capacity Shortfall Arrangements with respect to a Generating Unit pursuant to paragraph 1.3.

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- (a) the Borrower operated the Plant in accordance with the Operational Completion Test Procedures; and
- (b) the actual average net generating capacity of the each of the Second Generating Unit and the Third Generating was at least 90% of its Target Unit Rated Capacity/Demonstrated Capacity] <sup>18</sup> for that Generating Unit.

[If any Demonstrated Capacity is less than the Target Unit Rated Capacity, the Borrower is in compliance with all of the Demonstrated Capacity Shortfall Arrangements]

### **Operation and Capacity of Wells**

During the Operational Completion Test Period for each Field:

- 11. Each Well in that Field has been operated during the Operational Completion Test Period (simultaneously with each other Well, other than any Well that was closed in accordance with the Operational Completion Test Procedures) in accordance with Prudent Utility Practice.
- 12. The Field demonstrated a combined Well Production Capacity that meets or exceeds the Resource Completion Target for Production Wells.
- 13. The Field demonstrated a combined Well Injection Capacity that meets or exceeds the applicable Resource Completion Target for Injection Wells.
- 14. Each Injection Well in that Field was operated at or below its maximum wellhead pressure.

### **Mechanical Failures**

- 15. There are no indications of a mechanical failure of any Well or any material failures subsisting at any Wells at the conclusion of any Operational Completion Test Period.

[Borrower]

By:

[Authorised Signatory]

---

<sup>18</sup> Note, the Demonstrated Capacity should be used in this certification if the Intercreditor Agent has approved Demonstrated Capacity Shortfall Arrangements with respect to a Generating Unit pursuant to paragraph 1.3.

---

**Annex B-2**  
**Form Of Operational Completion Confirmation**

To:

[Intercreditor Agent]  
[Address]

Attention:

Copy:

[Borrower]  
[Address]

Attention:

**Sarulla Project**  
**Operational Completion Certificate Confirmation**

Dear Sir / Madam,

We refer to:

- (a) the common terms agreement dated [ *specify date* ] between [ *specify parties* ] (the **Common Terms Agreement** ); and
- (b) the Operational Completion Certificate dated [ *specify date* ] delivered by the Borrower to you under the Common Terms Agreement, a copy of which is attached to this Operational Completion Confirmation (the **Operational Completion Certificate** ).

Capitalised terms used but not defined in this Operational Completion Confirmation shall have the same meanings as are given to them in the Common Terms Agreement. This Operational Completion Confirmation is dated as of [ *specify date* ] (the **Operational Completion Confirmation Date** ).

We hereby certify, as of the Operational Completion Confirmation Date, that:

- 1. We have reviewed the Operational Completion Certificate.
  - 2. The Borrower has provided us with:
    - (a) the Operational Completion Test Report, the Capacity Test Report, the Drilling Program and/or revised Well Maintenance and Drilling Projection;
    - (b) copies of reports supporting the certifications given by the Borrower in the Operational Completion Certificate;
    - (c) [the following other data and information in connection with the performance of the Operational Completion Test Procedures;]  
  
[summarise any other information provided by Borrower]
    - (d) all opportunity and access we requested of the Borrower in order to witness the [ *insert description of tests that LRC wishes to witness under Initial Drilling Contract* ] tests performed in accordance with the Initial Drilling Contract;
-

- (e) all opportunity and access we requested of the Borrower in order to witness such portions of the applicable Operational Completion Test Period and any tests stipulated in the Operational Completion Test Procedures, which we reasonably considered necessary to witness for the purposes of this Operational Certificate Confirmation.
- 3. We have reviewed the reports and other data referred to in paragraph 2 above and have performed such analysis and procedures that (taking into consideration representations made by the Borrower) we have, in our reasonable judgment, deemed necessary for the purposes of issuing this Operational Completion Confirmation.
- 4. Based on the carrying out of the reviews, analysis and procedures referred to in paragraphs 1 and 3 above, we hereby certify that, as of the Operational Certificate Confirmation Date:
  - (a) we have no reason to believe that the certifications of the Borrower set forth in the Operational Completion Certificate are not reasonable and accurate;
  - (b) the calculations that form the basis of the certifications contained therein are accurate in all material respects; and
  - (c) we have made the following corrections and estimations in connections with the Operational Completion Certificate:  
[.]

[Senior Lenders' Reserves Consultant]

By:

---

**Schedule 12**

Project Milestones

**PART A**

**CONSTRUCTION MILESTONES**

**First Generating Unit**

| No. | Construction Milestone                                                                                                       | Project Milestone Date (month from the Closing Date) | Documentation to be delivered                       |
|-----|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| 1.  | Completion of site preparation work for the First Generating Unit                                                            | 8                                                    | Progress Report reasonably approved by Operator     |
| 2.  | Completion of the foundation work for the Steam Turbine Generator ("STG") and service building for the First Generating Unit | 13                                                   | Progress Report reasonably approved by Operator     |
| 3.  | Last Ormat Energy Converter ("OEC") turbines for the First Generating Unit shipped from the point of exportation             | 16                                                   | Copy of Packing List                                |
| 4.  | STG delivered to the Project Site                                                                                            | 16                                                   | Bill of lading                                      |
| 5.  | 150kV transmission line & switchyard ("SWYD") equipment delivered to the Project Site                                        | 17                                                   | Bill of lading                                      |
| 6.  | Completion of the installation of the plant water system and gathering piping line                                           | 20                                                   | Progress Report reasonably approved by the Operator |
| 7.  | Completion of the installation of the STG, compressed air system, and firefighting system                                    | 21                                                   | Progress Report reasonably approved by the Operator |
| 8.  | Completion of pre-commissioning for main power transformer & generator circuit breaker ("GCB")                               | 24                                                   | Test Report reasonably approved by the Operator     |
| 9.  | Completion of installation of all of the OECs                                                                                | 26                                                   | Progress Report reasonably approved by the Operator |

**Second Generating Unit and Third Generating Unit**

| <b>No.</b> | <b>Construction Milestone</b>                                                                                                                                  | <b>Project Milestone Date (month after the Closing Date)</b> | <b>Documentation to be delivered</b>                |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------|
| 10.        | Completion of site preparation work for the Second Generating Unit                                                                                             | 14                                                           | Progress Report reasonably approved by the Operator |
| 11.        | 150 kV transmission line and SWYD equipment delivered to the Project Site                                                                                      | 22                                                           | Bill of lading                                      |
| 12.        | Completion of foundation work for the STG for the Second Generating Unit                                                                                       | 23                                                           | Progress Report reasonably approved by the Operator |
| 13.        | STG, plant water system and electrical distribution system equipment for the Second Generating Unit delivered to the Project Site                              | 28                                                           | Bill of lading                                      |
| 14.        | Last OEC turbines for the Second Generating Unit shipped from the point of exportation                                                                         | 28                                                           | Copy of Packing List                                |
| 15.        | Completion of the gathering and separation system installation work for the Second Generating Unit                                                             | 33                                                           | Progress Report reasonably approved by the Operator |
| 16.        | Completion of pre-commissioning for the main power transformer, GCB, isolated-phase bus, 150kV substation and transmission line for the Second Generating Unit | 35                                                           | Test Report reasonably approved by the Operator     |
| 17.        | Last OEC turbines for the Third Generating Unit shipped from the point of exportation                                                                          | 36                                                           | Copy of Packing List                                |
| 18.        | Completion of the installation of the OECs & air cooled condenser for the Second Generating Unit                                                               | 37                                                           | Progress Report reasonably approved by the Operator |
| 19.        | Completion of the installation of the STG for the Third Generating Unit                                                                                        | 39                                                           | Progress Report reasonably approved by the Operator |
| 20.        | Completion of the installation of the OECs & air cooled condenser for the Third Generating Unit                                                                | 43                                                           | Progress Report reasonably approved by the Operator |

Note: Substantial completion of each of the milestones in this Part A would qualify as completion for the purposes of compliance with the above milestones.

---

**PART B**

**DRILLING MILESTONES**

**1. Silangkitang Field**

Table 1.1 Drilling Milestone

| No . | Drilling Milestone <sup>19</sup>                                                                                                 | Project Milestone Date (month after the Closing Date) | Additional Conditions <sup>20</sup>                                                                                                                                            |
|------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21.  | 25% of the aggregate Target Rate listed in Table 1.2 below for Total Well Production Capacity and Total Well Injection Capacity  | 16                                                    | The Production Well referred to as “SIL1-3” must be repaired and tested if its capacity is to be included in assessing whether Project Milestones No. 21-23 has been achieved. |
| 22.  | 75% of the aggregate Target Rate listed in Table 1.2 below for Total Well Production Capacity and Total Well Injection Capacity  | 20                                                    | Minimum of 50% of the Target Rate for Total Well Production Capacity and 50% of Target Rate for Total Well Injection Capacity                                                  |
| 23.  | 100% of the aggregate Target Rate listed in Table 1.2 below for Total Well Production Capacity and Total Well Injection Capacity | 25                                                    |                                                                                                                                                                                |

Table 1.2 Target Rate

| Overall Capacity of all Wells                | Description of Parameter | Target Rate (tonnes/hour) |
|----------------------------------------------|--------------------------|---------------------------|
| Total Well Production Capacity <sup>21</sup> | steam rate               | 724                       |
|                                              | brine rate               | 2,894                     |
| Total Well Injection Capacity <sup>22</sup>  | brine and condensate     | 3,618                     |

<sup>19</sup> Percentage (%) based on a combined average capacity of Injection Wells and Production Wells

<sup>20</sup> Terms and “Injection Well”, “Production Well”, “Well Injection Capacity” and “Well Production Capacity” are defined in Schedule 11.

<sup>21</sup> “Total Well Production Capacity” means the aggregate Well Production Capacity of all Production Wells in a Field.

<sup>22</sup> “Total Well Injection Capacity” means the aggregate Well Injection Capacity of all Injection Wells in a Field.



Table 1.3 Reference Conditions for determination of the achievement of the Drilling Milestone

| Type of Well     | Reference Condition                                | Bar absolute |
|------------------|----------------------------------------------------|--------------|
| Production Wells | Minimum wellhead pressure for each Production Well | 20.7 *       |
|                  | Separation pressure                                | 20 *         |
| Injection Wells  | Maximum wellhead pressure for each Injection Well  | 9.8*         |

\*or equivalent flow/pressure values that will yield the same net power output, to the satisfaction of the Senior Lenders' Technical Advisor

## 2. Namora-I-Langit Field

Table 2.1 Drilling Milestone

| No . | Drilling Milestone                                                                                                               | Project Milestone Date<br>(Month after Closing Date) | Additional Conditions                                                                                                             |
|------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
|      |                                                                                                                                  |                                                      |                                                                                                                                   |
| 24.  | -                                                                                                                                | 11                                                   | 2 successful Production Wells completed and tested                                                                                |
| 25.  | 20% of the aggregate Target Rate listed in Table 2.2 below for Total Well Production Capacity and Total Well Injection Capacity  | 14                                                   |                                                                                                                                   |
| 26.  | 40% of the aggregate Target Rate listed in Table 2.2 below for Total Well Production Capacity and Total Well Injection Capacity  | 20                                                   | Minimum of 30% of the Target Rate for Total Well Injection Capacity and 30% of the Target Rate for Total Well Production Capacity |
| 27.  | 65% of the aggregate Target Rate listed in Table 2.2 below for Total Well Production Capacity and Total Well Injection Capacity  | 25                                                   | Minimum of 50% of the Target Rate for Total Well Injection Capacity and 50% of the Target Rate for Total Well Production Capacity |
| 28.  | 100% of the aggregate Target Rate listed in Table 2.2 below for Total Well Production Capacity and Total Well Injection Capacity | 34                                                   |                                                                                                                                   |

Table 2.2 Target Rate

| Overall Target Capacity of all Wells | Description of Parameter | Target Rate<br>(tonnes/hour) |
|--------------------------------------|--------------------------|------------------------------|
| Total Well Production Capacity       | steam rate               | 1,878                        |
|                                      | brine rate               | 7,984                        |
| Total Well Injection Capacity        | brine and condensate     | 9,862                        |

Table 2.3 Reference Conditions for determination of the achievement of the Drilling Milestones

| Type of Well     | Reference Condition                                               | Bar absolute |
|------------------|-------------------------------------------------------------------|--------------|
| Production Wells | Minimum wellhead pressure for each Production Well                | 12.5 *       |
|                  | Separation pressure                                               | 11 *         |
| Injection Wells  | Maximum wellhead pressure for each Injection Well at wellpad WJR1 | 12 *         |
|                  | Maximum wellhead pressure for each Injection Well at wellpad WJR2 | 17 *         |

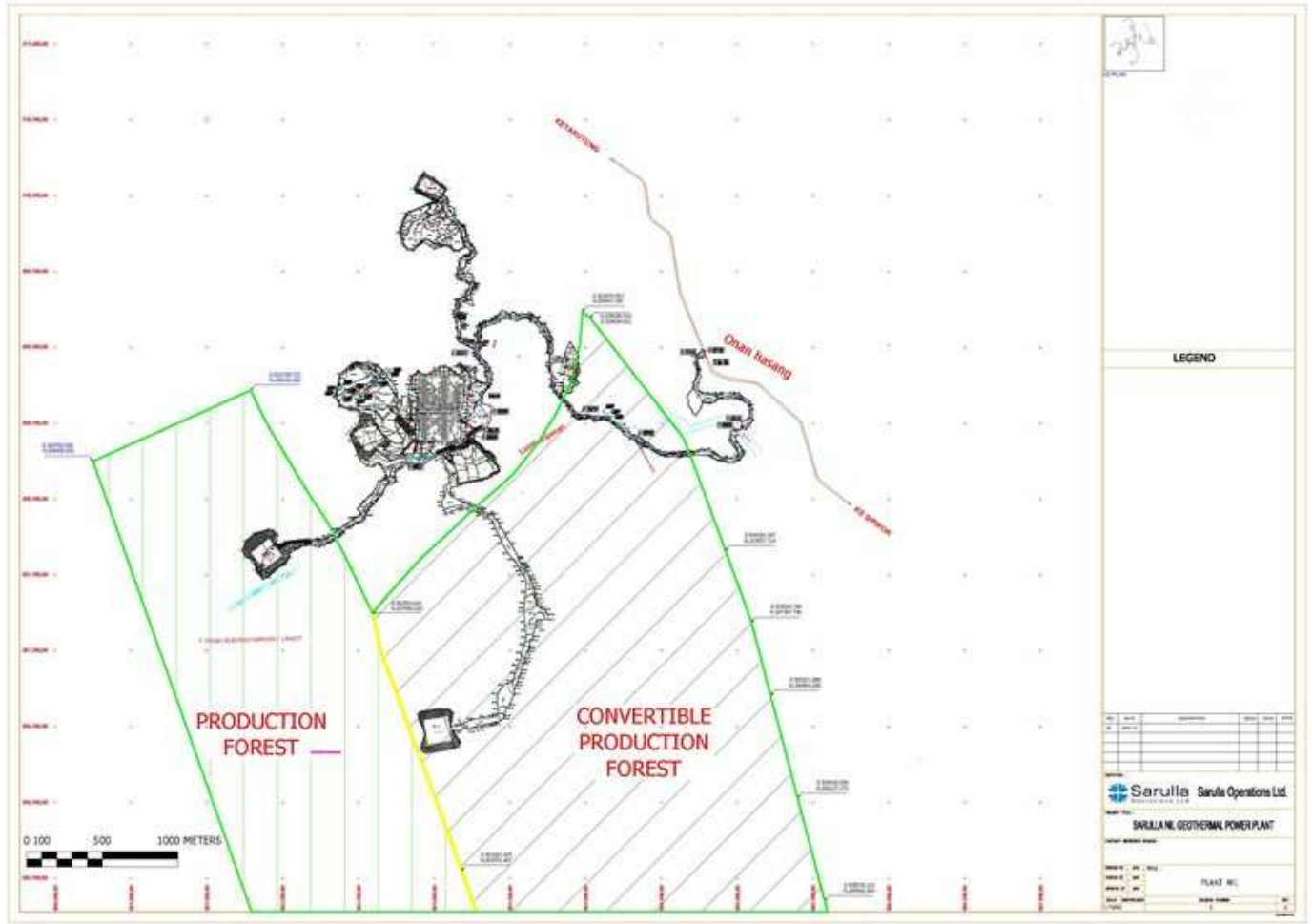
\*or equivalent flow/pressure values that will yield the same net power output, to the satisfaction of the Senior Lenders’ Technical Advisor

---

## Schedule 13

### Project Site







SIGNATORIES

Borrower



EXECUTED as a deed under the  
COMMON SEAL of:  
KYUDEN SARULLA PTE. LTD.,  
which was hereunto affixed in the  
presence of:

)  
)  
)  
)  
)  
)

中谷 敬二

Name:

Keiji Nakatani  
(Director)

(Witness)

Takashi Toyin

(Company Secretary / Director /

Authorised Signatory)

Address:

158 CECIL STREET,

#11-01, SINGAPORE

(069545)

**Borrower**

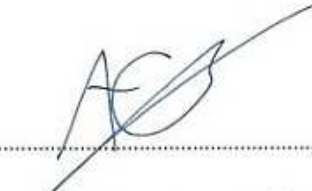
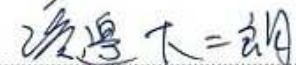
EXECUTED as a deed by:  
**ORSARULLA INC.,**  
acting by

AMNON GABBY

acting under authority of that  
company, in the presence of:

Name: Daisirch Watanabe  
Address: 5-1, Kita Aoyama 2-Chome,  
Minato-ku, Tokyo 107-8077,  
Japan

)  
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)

  
.....  
  
.....  
(Signature of witness)

---



**Borrower**

EXECUTED as a deed by:  
PT MEDCO GEOPower SARULLA  
acting by

NOOR WAHYU HIDAYAT

acting under authority of that  
company, in the presence of:

)  
)  
)  
)  
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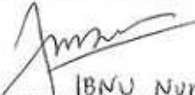
NOOR WAHYU HIDAYAT

Name: IBNU NURZAMAN

Address: ED. THE ENERGY L&S

SEDO LOT 11A, JL. JEND. SUDIRMAN

JAK-SEL 12180, INDONESIA



IBNU NURZAMAN

(Signature of witness)

---

EXECUTED as a deed by:  
**SARULLA OPERATIONS LTD**  
acting by

acting under authority of that  
company, in the presence of:

Name: ..... Mika Akazawa .....  
 Address: ...Power Project Section No.3 Power Project  
 ...Department, ITOCHU Corporation 5-1,  
 Kita-Aoyama 2chome, Minatoku, Tokyo  
 ...107-8077, Japan.....



  
(Signature of witness)

**Borrower**

EXECUTED as a deed by:  
**SARULLA POWER ASSET LIMITED**  
acting by

Tsuyoshi Okada

acting under authority of that  
company, in the presence of:

)  
)  
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)  
)  
)  
)  
)

岡田 剛

Name: Yasuo Yamaji

Address: 1-82, Watanabe-dori 2-Chome, Chuo-ku,  
Fukuoka, 810-8270 Japan

  
(Signature of witness)

EXECUTED as a deed by:  
**ASIAN DEVELOPMENT BANK**, in its individual  
 capacity, and signed sealed and delivered as a deed on  
 its behalf by

  
Christopher Thieme  
Director  
Infrastructure Finance Division 2

Name: Lazeena Rahman  
Address: 6 ADB Avenue, Ortigas Center  
Mandaluyong City  
Metro Manila, Philippines

(Signature of witness)

EXECUTED as a deed by: )  
**ASIAN DEVELOPMENT BANK**, not in its individual )  
 capacity but solely in its capacity as an implementing )  
 entity of the Clean Technology Fund, and signed sealed )  
 and delivered as a deed on its behalf by )

  
 L.S.  
 Christopher Thieme  
 Director

Infrastructure Finance Division 2

Name: Lazeena Rahman

Address: 6 ADB Avenue, Ortigas Center (Signature of witness)

Mandaluyong City

Metro Manila, Philippines

ADB

EXECUTED as a deed by:  
ASIAN DEVELOPMENT BANK, not in its individual  
capacity but solely in its capacity as an implementing  
entity of the Canadian Climate Fund for the Private  
Sector in Asia under the Clean Energy Financing  
Partnership Facility (established by the Government of  
Canada), and signed sealed and delivered as a deed on  
its behalf



Christopher Thieme  
Director

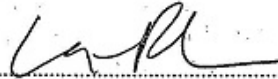
Infrastructure Finance Division 2

in the presence of:

Name: Lazeena Rahman

Address: 6 ADB Avenue, Ortigas Center (Signature of witness)

Mandaluyong City, Philippines



EXECUTED as a deed by: )  
JAPAN BANK FOR INTERNATIONAL )  
COOPERATION )  
acting by Yuichiro Yoi, Deputy Director, )  
Division 2, Power and Water Finance Department, )  
Infrastructure Finance Group )  
acting under authority of that )  
company, in the presence of: )

*Yuichiro Yoi*

Name: Hiroki Kobayashi  
Address: Latham & Watkins Gaikokuho Joint Enterprise  
Marunouchi Building, 32nd Floor  
2-4-1 Marunouchi, Chiyoda-ku  
Tokyo 100-6332

*Takashi Ito*  
(Signature of witness)



---

EXECUTED as a deed by:  
**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.**  
 acting by S. I. T.

)  
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 )

Sonali C Lary

(Signature of witness)

---

EXECUTED as a deed by:  
ING BANK N.V., TOKYO BRANCH  
acting by

acting under authority of that  
company, in the presence of:

Address: LATHAM & WATKINS LLP  
9 RAFFLES PLACE  
#42-02 REPUBLIC PLAZA  
SINGAPORE 048619

5



(Signature of witness)

EXECUTED as a deed by:

acting by

General Manager of Asia Department

acting under authority of that company, in the presence of:

Name: \_\_\_\_\_

Address:

LATHAM & WATKINS LLP  
9 RAFFLES PLACE  
#42-02 REPUBLIC PLAZA  
SINGAPORE 048619

(Signature of witness)

---



EXECUTED as a deed by:  
**NATIONAL AUSTRALIA BANK LIMITED**  
acting by

acting under authority of that company,  
in the presence of:

SINGAPORE 018961

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(Signature of witness)



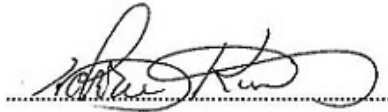
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---

**Mandated Lead Arranger and Covered Lender**

EXECUTED as a deed by: )  
**SUMITOMO MITSUI BANKING CORPORATION** )  
acting by )  
NOBURU KATO )  
General Manager & Head )  
Investment Banking Department Asia )  
acting under authority of that )  
company, in the presence of: )



Name: Allen Hsiao

Address: 3 Temasek Avenue

#06-01 Centennial Tower

Singapore 039190

Allen Hsiao  
(Signature of witness)

---

EXECUTED as a deed by:  
**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.**  
 acting by \_\_\_\_\_

acting under authority of that  
company, in the presence of:

)  
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)

Sonali C Targ

Name: Takamitsu Ishijima  
Address: 9 Raffles Place #01-01  
Republic Plaza  
Singapore 048619

(Signature of witness)

---

company, in the presence of:

Address: LATHAM & WATKINS LLP  
9 RAFFLES PLACE  
#42-02 REPUBLIC PLAZA  
SINGAPORE 048619



(Signature of witness)



---

EXECUTED as a deed by:  
**MIZUHO BANK, LTD.,**  
 acting by  
 Yukitaka Tsukahara  
 General Manager of Asia Department  
 acting under authority of that  
 company, in the presence of:

Yusuf Kishore

(Signature of witness)

(Signature of witness)

---



EXECUTED as a deed by:  
**NATIONAL AUSTRALIA BANK LIMITED**  
acting by

acting under authority of that  
company, in the presence of:

SINGAPORE 018961

) ) ) ) ) ) ) )



(Signature of witness)

---

EXECUTED as a deed by:  
**SOCIÉTÉ GÉNÉRALE**  
acting by  
Yann Garnier  
Head of Global Market Sales, Asia Pacific  
acting under authority of that  
company, in the presence of:

1 Queen's Road East, HONG KONG

(Signature of witness)

---



**Hedging Counterparty**

EXECUTED as a deed by: )  
**SUMITOMO MITSUI BANKING CORPORATION** )  
acting by )  
NOBURU KATO )  
General Manager & Head )  
Investment Banking Department Asia )  
acting under authority of that )  
company, in the presence of: )



Name: Allen Hsiao  
Address: 3 Temasek Avenue  
#06-01 Centennial Tower  
Singapore 039190

Allen Hsiao  
(Signature of witness)

---

EXECUTED as a deed by:  
**MIZUHO BANK, LTD.**  
 in its capacity as Covered Lenders Facility Agent,  
 acting by  
 Yukitaka Tsukahara  
 General Manager of Asia Department  
 acting under authority of that  
 company, in the presence of:

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)

Yashwantrao Chavan

Address: .....

SINGAPORE 049619

(Signature of witness)

---

EXECUTED as a deed by:  
**MIZUHO BANK, LTD.**  
 in its capacity as Intercreditor Agent,  
 acting by  
 Yukitaka Tsukahara  
 General Manager of Asia Department  
 acting under authority of that  
 company, in the presence of:

Yukako Nakase

Name: Isabella McDermid  
Address: LATHAM & WATKINS LLP  
9 RAFFLES PLACE  
#42-02 REPUBLIC PLAZA  
SINGAPORE 048619

(Signature of witness)

---

**JBIC Facility Agent**

EXECUTED as a deed by:  
**MIZUHO BANK, LTD.**  
in its capacity as JBIC Facility Agent,  
acting by  
Yukitaka Tsukahara  
General Manager of Asia Department  
acting under authority of that  
company, in the presence of:

)  
)  
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)   
)  
)  
)  
)  
)  
)

Name: Isabella McDermid

Address: .....

**LATHAM & WATKINS LLP**  
9 RAFFLES PLACE  
#42-02 REPUBLIC PLAZA  
SINGAPORE 048619

  
.....  
(Signature of witness)

---



**Offshore Security Agent**

EXECUTED as a deed by:  
**MIZUHO BANK (USA)**  
acting by

Brian T. Caldwell, Senior Vice President

acting under authority of that  
company, in the presence of:

)  
)  
)  
)  
)  
)  
)  
)  
)  
)

  
.....

Name: Rosa Martinez-Bynon  
.....

Address: 1251 Avenue of the Americas  
.....

New York, NY 10020  
.....

  
.....  
(Signature of witness)



EXECUTED as a deed by:  
**PT. BANK MIZUHO INDONESIA**  
 acting by

acting under authority of that  
company, in the presence of:

Name: NICO AGUSTA  
Address: Sinar Mas Land Plaza  
Tower 2, 24th Floor  
Jl. M.H. Thamrin 51  
Jakarta 10350

  
 -----  
  
 -----  
 (Signature of witness)



**Dated 28 March 2014**

**KYUDEN SARULLA PTE. LTD.  
ORSARULLA INC.  
PT MEDCO GEOPower SARULLA  
SARULLA OPERATIONS LTD  
SARULLA POWER ASSET LIMITED**  
as the Borrower

**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.  
ING BANK N.V., TOKYO BRANCH  
MIZUHO BANK, LTD.  
NATIONAL AUSTRALIA BANK LIMITED  
SOCIÉTÉ GÉNÉRALE, TOKYO BRANCH  
SUMITOMO MITSUI BANKING CORPORATION**  
as the Original Covered Lenders

and

**MIZUHO BANK, LTD.**  
as the Covered Lenders Facility Agent

---

**COVERED LENDERS FACILITY AGREEMENT**

relating to the

**SARULLA GEOTHERMAL POWER PROJECT**

---

**LATHAM & WATKINS LLP**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619  
(65) 6536 1161 (Tel)  
(65) 6536 1171 (Fax)  
[www.lw.com](http://www.lw.com)

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**THIS AGREEMENT** (this “ **Agreement** ”) is dated 28 March 2014 and made between:

- (1) **KYUDEN SARULLA PTE. LTD.** , a limited liability company established under the laws of Singapore whose registered head office is at 158 Cecil Street, #11-01, Singapore 069545 (the “ **Kyushu Borrower Entity** ”);
- (2) **ORSARULLA INC.** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 186158 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Ormat Borrower Entity** ”);
- (3) **PT MEDCO GEOPOWER SARULLA** , a limited liability company established under the laws of the Republic of Indonesia whose registered head office is at The Energy Building 50th Floor SCBD Lot 11A Jl. Jend Sudirman Kav. 52-53, Jakarta 12190 (the “ **Medco Borrower Entity** ”);
- (4) **SARULLA OPERATIONS LTD** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 196738 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Operator** ”);
- (5) **SARULLA POWER ASSET LIMITED** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 189923 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Itochu Borrower Entity** ”);
- (6) **THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., ING BANK N.V., TOKYO BRANCH, MIZUHO BANK, LTD., NATIONAL AUSTRALIA BANK LIMITED, SOCIÉTÉ GÉNÉRALE, TOKYO BRANCH** and **SUMITOMO MITSUI BANKING CORPORATION** (as the “ **Original Covered Lenders** ”); and
- (7) **MIZUHO BANK, LTD.** , as facility agent for the Covered Lenders (in such capacity, the “ **Covered Lenders Facility Agent** ”).

## **BACKGROUND**

- (A) The Borrower proposes to develop, construct, operate and maintain the Project.
- (B) The Covered Lenders, the Borrower and certain other parties have entered into a Common Terms Agreement (the “ **Common Terms Agreement** ”) concerning the Project.
- (C) The Covered Lenders have agreed to provide the Borrower with a term loan facility in an amount not exceeding USD328,095,178 on the terms and subject to the conditions set out in this Agreement and the Common Terms Agreement.

**IT IS AGREED** as follows:

## **1. DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

In this Agreement, unless the context requires otherwise or unless otherwise defined in this Agreement, the following terms have the following meanings:

|                    |                                                                                                                   |
|--------------------|-------------------------------------------------------------------------------------------------------------------|
| “ <b>Advance</b> ” | means a cash loan made or to be made (as the context requires) by the Covered Lenders pursuant to this Agreement. |
|--------------------|-------------------------------------------------------------------------------------------------------------------|

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Available Commitment”</b>        | means, on any date, the Covered Lenders Commitment on that date less the aggregate principal amount of all Advances made as of that date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Commitment”</b>                  | means: <ul style="list-style-type: none"> <li>(a) with respect to an Original Covered Lender, the amount set opposite that Covered Lender’s name under the heading “Covered Lender’s Commitment on Closing Date” as specified in Schedule 1 ( <i>Commitments</i> ) and the amount of any other Commitment transferred to or assumed by it pursuant to the Common Terms Agreement and this Agreement; and</li> <li>(b) in relation to any other Covered Lender, the amount of any Commitment transferred to or assumed by it pursuant to the Common Terms Agreement and this Agreement,</li> </ul> to the extent not cancelled, reduced or transferred by it under the Common Terms Agreement and this Agreement. |
| <b>“Commitment Fee”</b>              | has the meaning given to it in Clause 10.2(a) ( <i>Commitment Fee</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Completion Allowance Fee”</b>    | has the meaning given to it in Clause 10.4 ( <i>Completion Allowance Fee</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Completion Allowance Period”</b> | has the meaning given to it in Clause 10.4 ( <i>Completion Allowance Fee</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Covered Lenders Commitment”</b>  | means the aggregate of the Commitments, being USD328,095,178 at the date of this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Covered Lenders Facility”</b>    | has the meaning given to it in Clause 2.1 ( <i>The Facility</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Drawdown Date”</b>               | means the date on which an Advance is made under this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Drawdown Notice”</b>             | means a notice substantially in the form set out in Schedule 2 ( <i>Form of Drawdown Notice</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“First Advance”</b>               | means the first Advance made to the Borrower under this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Interest Period”</b>             | means, in relation to an Advance, each period determined in accordance with Clause 9 ( <i>Interest Periods</i> ) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.5 ( <i>Default Interest</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“JBIC Finance Parties”</b>        | means JBIC, the Covered Lenders and the Covered Lenders Facility Agent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |



**“Margin”**

means:

- (a) on and from the First Drawdown Date, two point one per cent (2.10%) per annum until the earlier to occur of:
  - (i) the date four (4) years after the First Advance; and
  - (ii) Lenders’ Completion Date;
- (b) on and from the earlier of:
  - (i) the date four (4) years after the First Advance; and
  - (ii) the Lenders’ Completion Date,one point eight per cent (1.80%) per annum to the date ten (10) years after the First Advance;
- (c) on and from the date ten (10) years after the First Advance to the date fifteen (15) years after the First Advance, two point two per cent (2.20%) per annum; and
- (d) thereafter until all amounts outstanding under the Senior Finance Documents with respect to the Covered Lenders Facility have been repaid in full, two point five per cent (2.50%) per annum.

**“Party”**

means a party to this Agreement.

**“Repayment Date”**

has the meaning given to it in Clause 6.1 ( *Repayment of Advances* ).

**“Repayment Instalment”**

has the meaning given to it in Clause 6.1 ( *Repayment of Advances* ).

**“Repayment Schedule”**

means the table of the amounts of scheduled Repayment Instalments and their corresponding dates as set out in Schedule 3 ( *Repayment Schedule* ), as adjusted, amended or replaced pursuant to Clause 6.1 ( *Repayment of Advances* ) of this Agreement.

**“Unpaid Sum”**

means any sum due and payable but unpaid by the Borrower under this Agreement.

**“Upfront Fee”**

has the meaning given to it in Clause 10.1 ( *Upfront Fee* ).

**1.2 Defined Terms in Common Terms Agreement**

Terms defined, or incorporated by reference, in the Common Terms Agreement have the same meaning when used in this Agreement unless otherwise defined in this Agreement or the context otherwise permits.

### 1.3 Construction and Interpretation

The provisions of Clauses 1.2 ( *Construction* ), 1.3 ( *Successors and Assigns* ) and 1.4 ( *Miscellaneous* ) of the Common Terms Agreement are incorporated into this Agreement *mutatis mutandis* as if the same had been set out in full herein, except that each reference to the Common Terms Agreement shall be deemed to be a reference to this Agreement.

### 1.4 Incorporation by Reference

Where provisions of the Common Terms Agreement are incorporated in this Agreement by reference, such provisions shall be incorporated into this Agreement *mutatis mutandis* as if the same had been set out in full herein, except that each reference to the Common Terms Agreements shall be deemed to be a reference to this Agreement.

### 1.5 Time

Any reference in this Agreement to a time of day shall, unless a contrary indication appears, be a reference to Singapore time.

### 1.6 Third Party Rights

Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement may not enforce any of its terms under the Contract (Right of Third Parties) Act 1999. Notwithstanding any term of this Agreement or any other Senior Finance Document, no consent of any third party is required for any amendment to any provision of this Agreement.

### 1.7 Supremacy

If there is any conflict between the terms of this Agreement and the terms of any other Senior Finance Document, except the Intercreditor Deed or the EPRG, the terms of this Agreement shall prevail.

### 1.8 Joint and Several Obligations

- (a) Each Borrower Entity shall be jointly and severally liable as the Borrower for the performance of each Borrower Entity's obligations under this Agreement.
- (b) For the purposes of this Agreement, if one or more (but not all) Borrower Entities are aware of an event or circumstance, all Borrower Entities shall be considered to be aware of such event or circumstance.

### 1.9 Borrower Entities' Agent

- (a) Each Borrower Entity (other than the Operator) by its execution of this Agreement irrevocably appoints the Operator (acting through one or more authorised signatories) to act on its behalf as its agent in relation to the Senior Finance Documents and irrevocably authorises:
  - (i) the Operator on its behalf to supply all information concerning itself contemplated by the Senior Finance Documents to the Senior Finance Parties and to give all notices and instructions (including Drawdown Notices), to execute on its behalf any deed of accession, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower Entity notwithstanding that they may affect the Borrower Entity, without further reference to or the consent of that Borrower Entity; and

- (ii) each Senior Finance Party to give any notice, demand or other communication to that Borrower Entity pursuant to the Senior Finance Documents to the Operator,

and in each case the Borrower Entity shall be bound as though the Borrower Entity itself had given the notices and instructions (including, without limitation, any Drawdown Notice) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Operator or given to the Operator under any Senior Finance Document on behalf of another Borrower Entity or in connection with any Senior Finance Document (whether or not known to any Borrower Entity and whether occurring before or after such other Borrower Entity became a Borrower Entity under any Senior Finance Document) shall be binding for all purposes on that Borrower Entity as if that Borrower Entity had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Operator and any other Borrower Entity, those of the Operator shall prevail.

#### 1.10 **Calculations**

In making any calculation of the aggregate amount of any interest, fee, overdue interest or other amounts due hereunder on any Interest Payment Date or other relevant date, fractional sums of less than one (1) U.S. cent shall be disregarded.

### 2. **THE COVERED LENDERS FACILITY**

#### 2.1 **The Facility**

Subject to the terms of this Agreement, the Covered Lenders agree to make available to the Borrower during the Availability Period a term loan facility in an aggregate amount not to exceed the Covered Lenders Commitment (the “**Covered Lenders Facility**”).

#### 2.2 **JBIC Override**

- (a) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall oblige any JBIC Finance Party to act (or omit to act) in a manner that is inconsistent with any requirement of JBIC under or in connection with the EPRG and, without limitation to the foregoing:
  - (i) the Covered Lenders Facility Agent and each Covered Lender shall be authorised to take all such actions as it may deem necessary to ensure that all requirements of JBIC under or in connection with the EPRG are complied with; and
  - (ii) the Covered Lenders Facility Agent and each Covered Lender shall not be obliged to do anything if, in its opinion, to do so could result in a breach of any requirements of JBIC under or in connection with the EPRG or affect the validity of the EPRG.
- (b) In case of any conflict or inconsistency between the terms of the EPRG and the terms of the Senior Finance Documents, the terms of the EPRG shall prevail as between the JBIC Finance Parties, and to the extent of such conflict or inconsistency, the JBIC Finance Parties (other than JBIC) shall not assert to JBIC the terms of the Senior Finance Documents.

- (c) The Borrower agrees that if and to the extent that the Covered Lenders Facility Agent and the Covered Lenders are required to act on the instructions of JBIC in accordance with the provisions of the EPRG, the Borrower shall have no claims whatsoever in respect of any loss, damage or expense suffered or incurred by it against any JBIC Finance Party.

### **3. PURPOSES**

#### **3.1 Use of Facility**

The Borrower shall apply the proceeds of all Advances in accordance with Clause 2.4 ( *Purpose* ) of the Common Terms Agreement.

#### **3.2 Monitoring**

Neither the Covered Lenders nor the Covered Lenders Facility Agent are bound to monitor or verify the application of any Advance.

### **4. CONDITIONS PRECEDENT**

#### **4.1 Conditions Precedent to Delivery of First Drawdown Notice**

The Borrower may not deliver a Drawdown Notice under this Agreement unless all of the requirements set out in Clauses 3.1 ( *Conditions Precedent to Delivery of First Drawdown Notice* ) and 3.3 ( *Hedging Agreements* ) of the Common Terms Agreement have been satisfied or waived.

#### **4.2 Conditions Precedent to all Advances**

The Covered Lenders will only be obliged to comply with Clause 5.4 ( *Advances* ) in relation to each Advance if each of the conditions set out in Clauses 3.2 ( *Conditions Precedent to all Advances* ) and 3.4 ( *Top-up Advance* ) of the Common Terms Agreement have been satisfied or waived with respect to that Advance.

#### **4.3 Conditions for Covered Lenders' Benefit**

The conditions in this Clause 4 ( *Conditions Precedent* ) are for the benefit of the Covered Lenders only and may be waived by the Covered Lenders in accordance with the provisions of this Agreement and the Intercreditor Deed.

#### **4.4 Notification of Receipt of Conditions Precedent**

After the receipt of a Drawdown Notice, the Covered Lenders Facility Agent shall notify the Borrower and the Intercreditor Agent as to whether the conditions, documents and evidence have been satisfied and / or delivered in accordance with Clauses 4.1 ( *Conditions Precedent to Delivery of First Drawdown Notice* ) and 4.2 ( *Conditions Precedent to all Advances* ).

#### **4.5 Saving of Right**

Unless the Covered Lenders otherwise notify the Borrower, and without limiting the generality of this Clause 4 ( *Conditions Precedent* ), the right of the Covered Lenders to require compliance with any condition under this Agreement which they waive in respect of any particular Drawdown Notice is preserved for the purposes of any subsequent Drawdown Notice.

#### 4.6 **Authority to Pay Proceeds of Advances**

- (a) The Covered Lenders Facility Agent is irrevocably and unconditionally authorised by the Borrower to pay and apply the proceeds of each Advance in accordance with the applicable Drawdown Notice.
- (b) The Borrower agrees that any Advance disbursed in accordance with a Drawdown Notice shall be deemed to have been made to and for the account of the Borrower and the Borrower waives all rights of protest that it may have to the contrary.

### 5. **DRAWDOWNS**

#### 5.1 **Delivery of Drawdown Notices**

Subject to the terms and conditions of this Agreement, the Borrower may utilise the Covered Lenders Facility by delivery to the Covered Lenders Facility Agent (with a copy to the Intercreditor Agent) of a duly completed Drawdown Notice requesting an Advance to be made at least five (5) Business Days prior to the Drawdown Date for the proposed Advance.

#### 5.2 **Completion of a Drawdown Notice**

- (a) Each Drawdown Notice in respect of an Advance is irrevocable and will not be regarded as having been duly completed unless:
  - (i) the proposed Drawdown Date is a Business Day within the Availability Period;
  - (ii) the specified currency of the Advance is U.S. Dollars;
  - (iii) the amount of the Advance proposed in the Drawdown Notice is less than or equal to the Available Commitment;
  - (iv) the proposed Interest Period specified in the Drawdown Notice complies with Clause 9 ( *Interest Periods* );
  - (v) the Drawdown Notice is executed by two Authorised Representatives of the Operator; and
  - (vi) the amount of each Advance requested is a multiple of USD100,000 and shall be made in such amount so as to ensure that the aggregate amount of all Advances made under the Senior Facilities on that Drawdown Date equals or exceeds USD1,000,000 unless the amount of the requested Advance is for all of the Available Commitment, in which case the requirements in this paragraph (vi) shall not apply.
- (b) Only one (1) Advance may be requested in each Drawdown Notice.
- (c) No more than one (1) Drawdown Notice may be made by the Borrower in each calendar month.

#### 5.3 **Notification of Drawdown**

The Covered Lenders Facility Agent shall, no later than three (3) Business Days prior to any Drawdown Date, notify each Covered Lender of the proposed Drawdown Date, Interest Period and amount of such Covered Lender's share of the proposed Advance (as determined in accordance with Clause 5.4(b) ( *Advances* )).

#### 5.4 Advances

- (a) If the terms and conditions set out in this Agreement and the Common Terms Agreement with respect to the relevant Advance have been satisfied, each Covered Lender shall make its participation in the Advance available by way of funding its share of the Advance through its Lending Office and remitting such amount on the relevant Drawdown Date to the account of the Covered Lenders Facility Agent.
- (b) The amount of each Covered Lender's share of each Advance will be equal to the proportion borne by its Commitment to the Covered Lenders Commitment.
- (c) The Covered Lenders Facility Agent shall pay the proceeds of each Advance it receives pursuant to paragraph (b) above to the Onshore Disbursement Account.

#### 5.5 Records

The Borrower shall retain or cause to be retained until two (2) years after the Availability Period all records (contracts, orders, notices, invoices, bills, receipts and other documents) evidencing the expenditures for which Advances are requested in accordance with the Common Terms Agreement and this Agreement and shall enable representatives or agents of the Covered Lenders Facility Agent to examine such records.

### 6. REPAYMENT

#### 6.1 Repayment of Advances

- (a) The Borrower shall repay to the Covered Lenders the outstanding Advances in semi-annual instalments (each, a “ **Repayment Instalment** ”) on the dates (each a “ **Repayment Date** ”) and in the amounts set out in the Repayment Schedule.
- (b) Repayment Instalments must be made in order to effect receipt by the Covered Lenders for value on the relevant Repayment Date in accordance with Clause 16.2 ( *Payment Mechanics* ).
- (c) Notwithstanding anything to the contrary in this Agreement, all outstanding Advances must be repaid in full on the Final Maturity Date.
- (d) The Borrower may not re-borrow any part of an Advance which is repaid or prepaid.

#### 6.2 Repayment Schedule

- (a) If:
  - (i) less than the full amount of the Covered Lenders Commitment is disbursed under this Agreement and the remainder of the Covered Lenders Commitment is reduced to zero or otherwise cancelled at the end of the Availability Period, then the Repayment Schedule shall be adjusted by deducting the amount of such reduction or cancellation *pro rata* (in line with the relevant percentage figures set out in the Repayment Schedule) from each of the Repayment Instalments; or
  - (ii) any portion of the Covered Lenders Facility is prepaid in accordance with this Agreement and the Common Terms Agreement, then the Repayment Schedule shall be adjusted by deducting the amount of such prepayment from each of the Repayment Instalments either in inverse order of maturity or on a *pro rata* basis (in line with the relevant percentage figures set out in the Repayment Schedule), as expressly required by the Common Terms Agreement,

provided that, each Repayment Instalment shall be rounded up to the nearest multiple of US\$1,000 and the aggregate amount of any increases resulting from such adjustments shall be deducted from the final Repayment Instalment.

- (b) If any adjustment to the Repayment Schedule is required pursuant to paragraph (a) above, the Covered Lenders Facility Agent shall promptly (and in any event no later than ten (10) Business Days after such event) prepare and deliver to the Covered Lenders, the Borrower and the Intercreditor Agent (to forward to the JBIC Facility Agent and ADB) an amended Repayment Schedule, and such amended Repayment Schedule shall replace the then-effective Repayment Schedule and, in the absence of manifest or computational error, bind the Borrower irrevocably and unconditionally to repay the Advances in accordance therewith.
- (c) The Covered Lenders Facility Agent may from time to time make any reasonable amendment to the Repayment Schedule to adjust the amount of any Repayment Instalments so as to achieve whole numbers in each case.
- (d) Any failure by the Covered Lenders Facility Agent to prepare or deliver an amended Repayment Schedule shall not affect the Borrower's obligation to make any repayment in accordance with the provisions of this Agreement and the Common Terms Agreement.

## **7. CANCELLATION AND PREPAYMENT**

### **7.1 Voluntary Cancellation**

The Borrower may cancel all or any part of the Available Commitment in accordance with Clauses 5.1 ( *Cancellation* ) and 5.4 ( *Miscellaneous Provisions* ) of the Common Terms Agreement.

### **7.2 Voluntary Prepayment**

The Borrower may prepay all or any part of the Advances in accordance with Clauses 5.2 ( *Voluntary Prepayment* ) and 5.4 ( *Miscellaneous Provisions* ) of the Common Terms Agreement.

### **7.3 Mandatory Prepayment**

The Borrower shall effect mandatory prepayment of the Advances in accordance with Clauses 5.3 ( *Mandatory Prepayments* ) and 5.4 ( *Miscellaneous Provisions* ) of the Common Terms Agreement.

## **8. INTEREST**

### **8.1 Calculation of Interest**

The interest on each Advance for each Interest Period relating thereto shall be calculated at the percentage rate per annum that is the aggregate of:

- (a) the Margin; and
- (b) LIBOR for the relevant Interest Period.

## 8.2 **Determination of Interest Rate**

The Covered Lenders Facility Agent shall determine LIBOR for the relevant Interest Period and shall, in accordance with Clause 8.1 ( *Calculation of Interest* ), determine the Interest Rate applicable to that Interest Period and promptly before the commencement of such Interest Period notify the Borrower and Covered Lenders of such rate. The Borrower agrees that all computations of interest by the Covered Lenders Facility Agent shall be conclusive in the absence of manifest error.

## 8.3 **Alternative Basis**

If a Market Disruption Event occurs in relation to the Advances for any Interest Period, then the rate of interest on the Advances for that Interest Period shall be calculated in accordance with Clause 10 ( *Market Disruption* ) of the Common Terms Agreement.

## 8.4 **Payment of Interest**

The Borrower shall pay accrued interest on each Advance calculated in accordance with Clause 8.1 ( *Calculation of Interest* ) on each Interest Payment Date on the principal amount of the relevant Advance.

## 8.5 **Default Interest**

Default interest shall accrue and be payable on any amounts payable by the Borrower under this Agreement when due in accordance with Clause 7.3 ( *Default Interest* ) of the Common Terms Agreement.

## 8.6 **Notification of Interest**

No later than fourteen (14) days prior to each Interest Payment Date, the Covered Lenders Facility Agent shall:

- (a) calculate and notify the Covered Lenders of the amount of accrued and unpaid interest which the Covered Lenders Facility Agent calculates to be due and payable on such Interest Payment Date; and
- (b) notify the Borrower and the Covered Lenders in accordance with Clause 16.3 ( *Payment Mechanics* ) of the amount of accrued and unpaid interest scheduled to be due and payable on such Interest Payment Date,

provided that failure by the Covered Lenders Facility Agent to deliver any such notice or any error therein shall not in any manner affect the obligation of the Borrower to pay interest on the Advances in accordance with this Agreement and such determination by the Covered Lenders Facility Agent shall be conclusive absent manifest error.

## 9. **INTEREST PERIODS**

Interest Periods in relation to Advances under this Agreement shall be determined in accordance with Clause 6 ( *Interest Periods* ) of the Common Terms Agreement.

## 10. **FEES AND PREMIUM**

### 10.1 **Upfront Fee**

The Borrower shall pay to the Covered Lenders Facility Agent for each Covered Lender an upfront fee equal to one point eight five per cent (1.85%) of that Covered Lender's Commitment (each, an “ **Upfront Fee** ”). The Upfront Fees shall be payable as follows:

- (a) thirty eight per cent (38%) of the Upfront Fees shall be made on the earlier of:



- (i) five (5) Business Days after the First Drawdown Date; and
- (ii) the date occurring thirty (30) days after the Signing Date; and
- (b) the remainder shall be payable five (5) Business Days after the First Drawdown Date.

#### 10.2 **Commitment Fee**

- (a) The Borrower shall pay to the Covered Lenders Facility Agent for each Covered Lender a commitment fee payable on the daily uncanceled and unutilized portion of that Covered Lender's Commitment at the rate of zero point eight per cent (0.80 %) per annum (each, a "**Commitment Fee**").
- (b) Each Commitment Fee shall commence to accrue from and including the Signing Date and must be paid in arrears as follows:
  - (i) the first payment of accrued Commitment Fee shall be made on 24 September 2014; and
  - (ii) each subsequent payment of accrued Commitment Fee shall be made on each Interest Payment Date.
- (c) The accrued Commitment Fee shall be computed on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the London interbank market differs, in accordance with that market practice.

#### 10.3 **EPRG Premium**

- (a) The Borrower shall, not later than 9.00 a.m. (Singapore time) on each Interest Payment Date, pay to the Covered Lenders Facility Agent on behalf of and for the benefit of Covered Lenders an amount equal to the EPRG Premium which is due and payable under and in accordance with the EPRG on that Interest Payment Date, for onward transmission by the Covered Lenders Facility Agent to JBIC's account as specified in the EPRG.
- (b) Payment of the EPRG Premium shall not be refundable to the Borrower under any circumstances.

#### 10.4 **Completion Allowance Fee**

- (a) If the Lenders' Completion Date occurs after the date that is four (4) years after the date of the First Advance, the Borrower shall pay to the Covered Lenders a fee calculated in accordance with paragraph (b) below ("**Completion Allowance Fee**"), which shall accrue on and from such date until the Lenders' Completion Date ("**Completion Allowance Period**").
- (b) The Completion Allowance Fee shall be the amount equal to zero point three percent (0.30 %) per annum of all outstanding Advances during each Interest Period or part thereof (where the date that is four (4) years after the date of the First Advance or the Lenders' Completion Date occurs part way through an Interest Period) during the Completion Allowance Period.
- (c) The Completion Allowance Fee shall be payable on each applicable Interest Payment Date.

## **11. ADDITIONAL PAYMENT OBLIGATIONS**

### **11.1 Taxes, Indemnities and Costs and Expenses**

- (a) The Borrower shall pay to the Covered Lenders all fees, costs and expenses pursuant to Clauses 11 ( *Increased Costs* ) and 24 ( *Expenses and Stamp Duties* ) of the Common Terms Agreement and such clauses are incorporated in this Agreement as if expressly set out herein.
- (b) Subject to the provisions of the Common Terms Agreement, the Borrower shall pay to the Covered Lenders any amounts due and payable in accordance with Clauses 9 ( *Taxes* ) and 25 ( *Indemnities* ) of the Common Terms Agreement and such clauses are incorporated in this Agreement as if expressly set out herein.
- (c) The payment in U.S. Dollars of all amounts expressed to be due hereunder in U.S. Dollars is of the essence of this Agreement, and such obligations shall not be discharged by any payment made in another currency, whether pursuant to a judgment or otherwise, to the extent that the amount of such payment on prompt conversion to U.S. Dollars under normal banking procedures does not yield the amount of U.S. Dollars due hereunder.
- (d) If the amount of any payment made by the Borrower under this Agreement is less than the total amount due and payable in respect of such payment, the Covered Lenders shall have the right to apply the amount received towards principal, interest or other sums owing hereunder as the Covered Lenders consider appropriate; provided that in all cases such application is consistent with the terms of the Intercreditor Deed.
- (e) The Covered Lenders shall not be liable to any Equity Party, or any Affiliate thereof, for any consequential loss or consequential damages.

## **12. REPRESENTATIONS AND WARRANTIES**

The Borrower makes the representations and warranties set forth in Clause 13 ( *Representations and Warranties* ) of the Common Terms Agreement to and for the benefit of each other Party at the times specified therein.

## **13. UNDERTAKINGS**

The Borrower agrees to observe and perform the undertakings set forth in Clauses 14 ( *Hedging* ), 15 ( *Information Undertakings* ), 16 ( *General Undertakings* ), 17 ( *Equity-Related Undertakings* ), 18 ( *Project Undertakings* ), 19 ( *Environmental and Social Undertakings* ) and 20 ( *Project Insurance* ) of the Common Terms Agreement and all other undertakings of the Borrower set forth in the Common Terms Agreement and the other Senior Finance Documents to which it is a party.

## **14. EVENTS OF DEFAULT**

Clause 21 ( *Events of Default* ) of the Common Terms Agreement is incorporated by reference into this Agreement as if fully set forth herein. If one or more of the Events of Default specified in Clause 21 ( *Events of Default* ) of the Common Terms Agreement shall have occurred and be continuing, the Covered Lenders shall, subject to the Intercreditor Deed, have the rights and remedies set forth in this Agreement and the Common Terms Agreement (including the rights and remedies set forth in Clause 21 ( *Events of Default* ) thereof), as incorporated by reference herein.

**15. CHANGES TO THE PARTIES**

**15.1 Successors and Assignees**

This Agreement binds and benefits the respective successors and assignees of the Parties.

**15.2 Assignments and Transfers by the Borrower**

The Borrower may not assign or transfer any of its rights or obligations under this Agreement to any person without the prior consent of JBIC and the Covered Lenders.

**15.3 Assignments and Transfers by Covered Lenders**

The Covered Lenders may assign or transfer any or all of their rights or obligations under this Agreement to any person if and to the extent permitted to do so pursuant to Clause 28 ( *Changes to the Parties* ) of the Common Terms Agreement.

**16. PAYMENT MECHANICS**

16.1 All payments made pursuant to, or in connection with, this Agreement shall be made in accordance with Clause 8 ( *Payments* ) of the Common Terms Agreement, provided that, except to the extent expressly provided otherwise in this Agreement, any payments required to be made by the Borrower under this Agreement shall be made to the Covered Lenders Facility Agent for onward transmission to the Covered Lenders.

16.2 Unless otherwise specified in this Agreement, all payments to be made by the Borrower under this Agreement shall be made to the following account or such other account designated by the Covered Lenders Facility Agent in writing not later than five (5) Business Days before the due date for payment thereof:

Correspondent Bank: JP Morgan Chase Bank, New York

Bank SWIFT Code: CHASUS33

Account Name: Mizuho Bank, Ltd., Singapore Branch

Account No.: 400928140

Account SWIFT Code: MHCBGSG

Attention: GSFD PF Agency - Sarulla

16.3 No later than fourteen (14) days prior to each Interest Payment Date or Repayment Date, the Covered Lenders Facility Agent shall prepare and deliver to the Borrower, the Covered Lenders and the Intercreditor Agent a notice setting out the amount of fees and expenses, interest, principal and other amounts due to the Covered Lenders under this Agreement. Any such determination by the Covered Lenders Facility Agent shall be final and conclusive and bind the Borrower unless the Borrower demonstrates to the satisfaction of the Covered Lenders Facility Agent that such determination involved manifest error. Notwithstanding the foregoing, the obligation of the Borrower to pay any amounts when due under this Agreement is not affected in any way by the failure (for any reason whatsoever) on the part of the Covered Lenders Facility Agent to deliver any such notice or maintain any such records in the manner specified above or by any error in such a notice or such records.

16.4 In respect of all payments to be made by the Borrower under this Agreement, the Borrower shall direct the Offshore Account Bank to transmit SWIFT messages (MT-202) on the applicable due date, with a photocopy of such SWIFT messages to be sent to the Covered Lenders Facility Agent via fax and/or email on the applicable due date.

**17. AMENDMENTS AND WAIVERS**

Subject to the provisions of the Senior Finance Documents, this Agreement may be amended, waived, modified or supplemented only by an agreement in writing signed by each Party.

**18. NOTICES**

Any communication to be made under or in connection with this Agreement shall be made in accordance with Clause 34 ( *Notices* ) of the Common Terms Agreement.

**19. INCORPORATION OF CERTAIN PROVISIONS OF THE COMMON TERMS AGREEMENT**

The provisions of Clauses 26 ( *Evidence and Calculations* ), 27.1 ( *Waivers and Remedies Cumulative* ), 30 ( *Disclosure of Information* ), 31 ( *Set-Off* ), 32 ( *Severability* ), 33 ( *Counterparts* ) and 35 ( *Language* ) of the Common Terms Agreement shall be incorporated in this Agreement as if expressly set out herein.

**20. FURTHER ASSURANCES**

Each of the Parties agrees that, so far as permitted by applicable law and regulatory requirements, they will promptly upon the Covered Lenders Facility Agent's request execute or acknowledge all such further documents and do all such further acts and things as may in the opinion of the Covered Lenders be necessary at any time to give effect to the provisions of this Agreement.

**21. GOVERNING LAW**

This Agreement, and all non-contractual obligations arising out of or in connection with this Agreement, are governed by English law.

**22. DISPUTE RESOLUTION**

Clause 36 ( *Dispute Resolution* ) of the Common Terms agreement is incorporated by reference in this Agreement as if fully set forth herein.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE 1**  
**COMMITMENTS**

| <u>Name and Lending Office</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u>Commitment on Closing Date</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <p>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>9 Raffles Place #01-01, Republic Plaza, Singapore 048619</p> <p>Fax Number: +65 6231-1493</p> <p>Attention: Ryutaro Suzuki</p>                                                                                                                                                                                                                                                                                                                                                                  | USD61,788,169                     |
| <p>ING Bank N.V., Tokyo Branch</p> <p>Marunouchi Trust Tower Main 19F<br/>1-8-3, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan</p> <p>Administration Matters:</p> <p>Fax Number: +81 (3) 3217-0307<br/>with copy to +65 6539-7748</p> <p>Attention: Yoko Shibuya / Keiko Sakuma<br/>with copy to GSO Lending (Leroy Rojas / Dolores Lim)</p> <p>Credit Matters:</p> <p>Fax Number: + 81 (3) 3217-0313<br/>with copy to +65 6535-1195</p> <p>Attention: Project &amp; Export Finance with copy to<br/>Adrian Lian / David Uy / Erwin Maspolim</p> | USD50,048,417                     |
| <p>Société Générale, Tokyo Branch</p> <p>Ark Mori Bldg, 14F, 12-32, Akasaka 1-Chome, Minato-ku,<br/>Tokyo, Japan</p> <p>Fax Number: + 81 (3) 5549 5839</p> <p>Attention: Atsushi Yamashita, Hiroyuki Nishiguchi,<br/>Export &amp; Project Finance Department</p>                                                                                                                                                                                                                                                                                 | USD61,788,169                     |

| <u>Name and Lending Office</u>                                                                                                                                                                                                                                                                                                                            | <u>Commitment on Closing Date</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Sumitomo Mitsui Banking Corporation, Singapore Branch<br><br>3 Temasek Avenue, #06-01, Centennial Tower, Singapore 039190<br><br>Fax Number: +65 6882-0023<br><br>Attention: Ms. Cathrine Lai / Ms. Nancy Chew /<br>Ms. Kelly Woon<br><br>COPY TO<br>Fax Number: +65 6883-0335<br><br>Attention: Ms. Lo Kah Nian / Mr. William Chan/<br>Ms. Stephanie Lim | USD61,788,169                     |
| Mizuho Bank, Ltd., Singapore Branch<br><br>168 Robinson Road<br>#11-01 Capital Tower<br>Singapore 068912<br><br>Fax Number: +65 6416-0656<br><br>Attention: Global Structured Finance Division<br>– Project Finance Asia, Ms. Ang Bee Bee                                                                                                                 | USD61,788,169                     |

| <u>Name and Lending Office</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>Commitment on Closing Date</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <p>National Australia Bank Limited, Tokyo Branch</p> <p>Muromachi Higashi Mitsui Building<br/>18F, 2-2-1 Nihonbashi Muromachi,<br/>Chuo-ku<br/>Tokyo 103-0022, Japan</p> <p>Fax Number: +81 (3) 3241-8951</p> <p>Attention: Hiroyoshi Okayama / Masato Hori</p> <p>COPY TO</p> <p>Address: Level 27, One Pacific Place<br/>88 Queensway, Admiralty<br/>Hong Kong</p> <p>Attention: Jo Jo Law / Teresa Chung<br/>Fax Number: +852 2845-9251<br/>Email: <a href="mailto:nabhk_lending_admin@nabasia.com">nabhk_lending_admin@nabasia.com</a></p> <p>COPY TO</p> <p>Address: Level 24<br/>NAB House, 255 George St<br/>Sydney NSW 2000<br/>Australia</p> <p>Attention: Will Taylor / Dearn Stojansek<br/>Fax Number: +61 1300-764-759<br/>Email: <a href="mailto:nab.est.lending.administration@nab.com.au">nab.est.lending.administration@nab.com.au</a></p> <p>COPY TO</p> <p>Address: 12 Marina View<br/>#20-02 Asia Square Tower 2<br/>Singapore 018961</p> <p>Attention: Quincy Chan / Lin Xi Lee<br/>Fax Number: +65 6844-9868<br/>Email: <a href="mailto:quincy.chan@nabasia.com">quincy.chan@nabasia.com</a> /<br/><a href="mailto:lin.xi.lee@nabasia.com">lin.xi.lee@nabasia.com</a></p> | <p>USD30,894,085</p>              |

## SCHEDULE 2

### FORM OF DRAWDOWN NOTICE

Date: \_\_\_\_\_

TO :  
MIZUHO BANK, LTD., as the Covered Lenders Facility Agent  
Attn: [ • ]

COPIED TO:  
MIZUHO BANK, LTD, as the Intercreditor Agent  
Attn: [ • ]

FROM: Sarulla Operations Ltd for and on behalf of the Borrower

#### **Sarulla Geothermal Power Project – Drawdown Notice under Covered Lenders Facility Agreement**

Dear Sirs:

1. We refer to the Covered Lenders Facility Agreement dated [ • ] (the “ **Agreement** ”). This is a Drawdown Notice. Terms defined in the Agreement have the same meaning in this Drawdown Notice unless given a different meaning in this Drawdown Notice.
2. We confirm that the Borrower wishes to borrow an Advance on the following terms:  
  
Drawdown Date: [ • ] (or, if that is not a Business Day, the next Business Day)  
  
Amount of Advance: USD[ • ]  
  
Interest Period: [ • ] days, ending on [ • ], subject to adjustment in accordance with Clause 6 ( *Interest Periods* ) of the Common Terms Agreement
3. We certify that:
  - (a) each condition specified in [Clauses 4.1 ( *Conditions Precedent to Delivery of First Drawdown Notice* ) and 4.2 ( *Conditions Precedent to all Advances* )] <sup>1</sup> [Clause 4.2 ( *Conditions Precedent to all Advances* )] <sup>2</sup> of the Agreement is satisfied on the date of this Drawdown Notice;
  - (b) we have delivered on the same date as this Drawdown Notice drawdown notices under and in accordance with the provisions of the JBIC Facility Agreement and the ADB Facility Agreement such that the Borrower is in compliance with the requirement of Clause [2.3(b)(i) ( *Drawdowns* )] of the Common Terms Agreement; and
  - (c) this Drawdown Notice otherwise complies with all applicable requirements set out in the Common Terms Agreement and the Agreement.
4. The proceeds of the Advance are to be used to pay for Project Costs as detailed in the documents attached and should be credited to the Onshore Disbursement Account.

---

<sup>1</sup> For the first Drawdown Notice only.

<sup>2</sup> For all Drawdown Notices other than the first Drawdown Notice.



5. This Drawdown Notice is irrevocable.
6. Attached are [ *insert description of the documents attached to this Drawdown Notice as required under the Common Terms Agreement and/or the Agreement.* ]
7. We confirm that we, the signatories below, are Authorised Representatives of the Operator.

**SARULLA OPERATIONS LIMITED**

for and on behalf of the Borrower

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

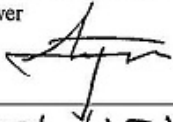
Title: \_\_\_\_\_

**SCHEDULE 3**  
**REPAYMENT SCHEDULE**

| <b>Date</b>         | <b>Repayment Percentage</b> | <b>Repayment Instalment<br/>(USD)</b> |
|---------------------|-----------------------------|---------------------------------------|
| 24-Sep-18           | 2.3723%                     | 7,783,000.00                          |
| 24-Mar-19           | 2.8698%                     | 9,416,000.00                          |
| 24-Sep-19           | 2.9500%                     | 9,679,000.00                          |
| 24-Mar-20           | 2.7560%                     | 9,042,000.00                          |
| 24-Sep-20           | 2.7421%                     | 8,997,000.00                          |
| 24-Mar-21           | 2.8969%                     | 9,505,000.00                          |
| 24-Sep-21           | 3.0825%                     | 10,114,000.00                         |
| 24-Mar-22           | 2.7834%                     | 9,132,000.00                          |
| 24-Sep-22           | 2.6642%                     | 8,741,000.00                          |
| 24-Mar-23           | 3.3858%                     | 11,109,000.00                         |
| 24-Sep-23           | 3.4232%                     | 11,231,000.00                         |
| 24-Mar-24           | 3.5318%                     | 11,588,000.00                         |
| 24-Sep-24           | 3.2121%                     | 10,539,000.00                         |
| 24-Mar-25           | 3.1301%                     | 10,270,000.00                         |
| 24-Sep-25           | 3.0497%                     | 10,006,000.00                         |
| 24-Mar-26           | 2.7194%                     | 8,922,000.00                          |
| 24-Sep-26           | 2.7355%                     | 8,975,000.00                          |
| 24-Mar-27           | 3.2933%                     | 10,805,000.00                         |
| 24-Sep-27           | 3.2979%                     | 10,820,000.00                         |
| 24-Mar-28           | 3.8176%                     | 12,525,000.00                         |
| 24-Sep-28           | 3.4483%                     | 11,314,000.00                         |
| 24-Mar-29           | 2.8248%                     | 9,268,000.00                          |
| 24-Sep-29           | 2.6588%                     | 8,723,000.00                          |
| 24-Mar-30           | 3.6257%                     | 11,896,000.00                         |
| 24-Sep-30           | 3.8730%                     | 12,707,000.00                         |
| 24-Mar-31           | 3.6350%                     | 11,926,000.00                         |
| 24-Sep-31           | 4.1033%                     | 13,463,000.00                         |
| 24-Mar-32           | 4.1956%                     | 13,766,000.00                         |
| 24-Sep-32           | 3.4613%                     | 11,356,000.00                         |
| 24-Mar-33           | 2.1717%                     | 7,125,000.00                          |
| 24-Sep-33           | 1.7765%                     | 5,829,000.00                          |
| Final Maturity Date | 3.5124%                     | 11,523,178                            |
| <b>Total</b>        | <b>100.00%</b>              | <b>328,095,178</b>                    |

**SIGNATORIES**

**KYUDEN SARULLA PTE. LTD.**  
as Borrower

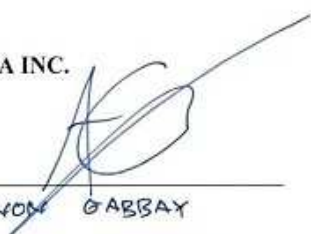
By:  \_\_\_\_\_

Name: *Takashi Tajiri*

Title: *Director*

---

ORSARULLA INC.  
as Borrower

By: 

Name: AMNON GABBAY

Title: Authorized Signatory

---

**PT MEDCO GEOPower SARULLA**  
as Borrower

By:  \_\_\_\_\_

Name: NOOR WAHYU HIDAYAT

Title: DIRECTOR

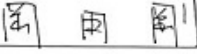
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SARULLA OPERATIONS LTD  
as Borrower

By:   
Name: Takao Shinohara  
Title: Authorised Signatory

**SARULLA POWER ASSET LIMITED**  
as Borrower

By: 

Name: Tsuyoshi Okada

Title: Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.  
as a Covered Lender

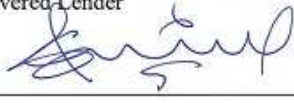
By: Sonali C Tang

Name: Sonali Tang

Title: Senior Vice President  
Asian Investment Banking Division

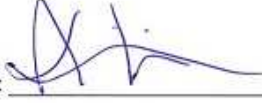
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**ING BANK N.V., TOKYO BRANCH**  
as a Covered Lender

By: \_\_\_\_\_

Name: Erwin Maspolim

Title: Managing Director

By: \_\_\_\_\_

Name: Adrian Lian

Title: Associate

---

**MIZUHO BANK, LTD.**  
as a Covered Lender

By: 

Name: Yukitaka Tsukahara

Title: General Manager of Asia Department

---



**NATIONAL AUSTRALIA BANK LIMITED**

as a Covered Lender

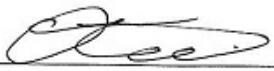
By:  \_\_\_\_\_

Name: **SAMUEL WATSON**

Title: *Attorney*

---

**SOCIÉTÉ GÉNÉRALE, TOKYO BRANCH**  
as a Covered Lender

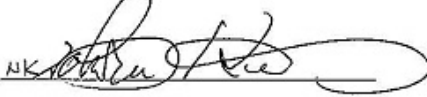
By: 

Name: Takashi Okawara

Title: Chief Risk Officer

---

**SUMITOMO MITSUI BANKING CORPORATION**  
as a Covered Lender

By: 

Name: NOBURU KATO  
Title: General Manager & Head  
Investment Banking Department Asia

---

**MIZUHO BANK, LTD.**  
as Covered Lenders Facility Agent

By: 

Name: Yukitaka Tsukahara

Title: General Manager of Asia Department

**Dated 28 March 2014**

**KYUDEN SARULLA PTE. LTD.**

**ORSARULLA INC.**

**PT MEDCO GEOPower SARULLA**

**SARULLA OPERATIONS LTD**

**SARULLA POWER ASSET LIMITED**

as the Borrower

and

**ASIAN DEVELOPMENT BANK**

as ADB (in certain capacities)

---

**ADB FACILITY AGREEMENT**

relating to the

**SARULLA GEOTHERMAL POWER PROJECT**

---

**LATHAM & WATKINS<sup>LLP</sup>**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619  
(65) 6536 1161 (Tel)  
(65) 6536 1171 (Fax)  
[www.lw.com](http://www.lw.com)

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**THIS AGREEMENT** (this “ **Agreement** ”) is dated 28 March 2014 and is made between:

- (1) **KYUDEN SARULLA PTE. LTD.** , a limited liability company established under the laws of Singapore whose registered head office is at 158 Cecil Street, #11-01, Singapore 069545 (the “ **Kyushu Borrower Entity** ”);
- (2) **ORSARULLA INC .**, an exempted company with limited liability incorporated in the Cayman Islands with registered number 186158 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Ormat Borrower Entity** ”);
- (3) **PT MEDCO GEOPower SARULLA** , a limited liability company established under the laws of the Republic of Indonesia whose registered head office is at The Energy Building 50th Floor SCBD Lot 11A Jl. Jend Sudirman Kav . 52-53, Jakarta 12190, Indonesia (the “ **Medco Borrower Entity** ”);
- (4) **SARULLA OPERATIONS LTD** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 196738 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Operator** ”);
- (5) **SARULLA POWER ASSET LIMITED** , an exempted company with limited liability incorporated in the Cayman Islands with registered number 189923 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Itochu Borrower Entity** ”);
- (6) **ASIAN DEVELOPMENT BANK** , an international organisation established by the Agreement Establishing the Asian Development Bank, in its individual capacity;
- (7) **ASIAN DEVELOPMENT BANK** , an international organisation established by the Agreement Establishing the Asian Development Bank, not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund; and
- (8) **ASIAN DEVELOPMENT BANK** , an international organisation established by the Agreement Establishing the Asian Development Bank, not in its individual capacity but solely in its capacity as an implementing entity of the Canadian Climate Fund for the Private Sector in Asia under the Clean Energy Financing Partnership Facility (established by the Government of Canada).

#### **BACKGROUND**

- (A) The Borrower proposes to develop, construct, operate and maintain the Project.
- (B) ADB, the Borrower and certain other parties have entered into a Common Terms Agreement (the “ **Common Terms Agreement** ”) concerning the Project.
- (C) ADB has agreed to provide the Borrower with a term loan facility in an amount not exceeding USD350,000,000 on the terms and subject to the conditions set out in this Agreement and the Common Terms Agreement.

IT IS AGREED as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement, unless the context requires otherwise or unless otherwise defined in this Agreement, the following terms have the following meanings:

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “ADB”                          | means the Asian Development Bank in each of the capacities described in paragraphs (6) through (8) of the Preamble to this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                   |
| “ADB Commitment”               | means the aggregate of the ADB Tranche A Commitment, the ADB Tranche B Commitment and the ADB Tranche C Commitment, being USD350,000,000 at the date of this Agreement.                                                                                                                                                                                                                                                                                                                                                                 |
| “ADB Event of Default”         | means: <ul style="list-style-type: none"><li>(a) any event or circumstance described in Clauses 14.3 ( <i>Cessation of ADB Membership</i> ), 14.4 ( <i>Anti Money Laundering and Anticorruption</i> ), or 14.5 ( <i>Safeguards and Social Provisions</i> );</li><li>(b) an Equity Party is named on ADB's Sanctions List;</li><li>(c) the Borrower does not comply with Clause 3.1(a) ( <i>Use of Facility</i> ); or</li><li>(d) the Borrower applies amounts borrowed by it under the ADB Facility to a Prohibited Activity.</li></ul> |
| “Advance”                      | means a cash loan made or to be made (as the context requires) by ADB under an ADB Tranche pursuant to this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “ADB Eligible Costs”           | means Project Costs which relate to goods and/or services produced in, or supplied from, ADB member countries.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “ADB Facility”                 | has the meaning given to it in Clause 2.1 ( <i>The Facility</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “ADB's Sanctions List”         | means ADB's published and unpublished list of all persons who are ineligible for participating in ADB financed projects.                                                                                                                                                                                                                                                                                                                                                                                                                |
| “ADB Tranche”                  | means ADB Tranche A, ADB Tranche B or ADB Tranche C.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “ADB Tranche A”                | has the meaning given to it in Clause 2.1(b) ( <i>The Facility</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “ADB Tranche A Commitment”     | means the sum of USD250,000,000, to the extent not cancelled, reduced or transferred by ADB under the Common Terms Agreement and this Agreement.                                                                                                                                                                                                                                                                                                                                                                                        |
| “ADB Tranche A Commitment Fee” | has the meaning given to it in Clause 10.2(a) ( <i>ADB Tranche A Commitment Fee</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

**“ADB Tranche A Margin”**

means:

- (a) on and from the First Advance, two point five per cent (2.50%) per annum until the earlier of:
  - (i) the date four (4) years after the First Advance; and
  - (ii) the Lenders’ Completion Date;
- (b) on and from the earlier of:
  - (i) the date four (4) years after the First Advance; and
  - (ii) the Lenders’ Completion Date,two point two per cent (2.20%) per annum to the date ten (10) years after the First Advance;
- (c) on and from the date ten (10) years after the First Advance to the date fifteen (15) years after the First Advance, two point six per cent (2.60%) per annum; and
- (d) thereafter until all amounts outstanding under the Senior Finance Documents with respect to ADB Tranche A have been repaid in full, two point nine per cent (2.90%) per annum.

**“ADB Tranche B”**

has the meaning given to it in Clause 2.1(b)(ii) ( *The Facility* ).

**“ADB Tranche B Commitment”**

means the sum of USD80,000,000, to the extent not cancelled, reduced or transferred by ADB under the Common Terms Agreement and this Agreement.

**“ADB Tranche C”**

has the meaning given to it in Clause 2.1(b)(iii) ( *The Facility* ).

**“ADB Tranche C Commitment”**

means the sum of USD20,000,000, to the extent not cancelled, reduced or transferred by ADB    under the Common Terms Agreement and this Agreement.

**“Authorisation”**

means:

- (a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Authority intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

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| <b>“Available Commitment”</b>                          | <p>means, at any time in relation to an ADB Tranche, the ADB Tranche A Commitment (in the case of ADB Tranche A), the ADB Tranche B Commitment (in the case of ADB Tranche B) or the ADB Tranche C Commitment (in the case of ADB Tranche C), less (in each case):</p> <p>(a) the aggregate amount of all Advances under that ADB Tranche; and</p> <p>(b) in relation to any proposed Advance under that ADB Tranche, the aggregate amount of any Advances that are due to be made under that ADB Tranche on or before the proposed Drawdown Date.</p>                                                                                                                                                                                    |
| <b>“Baseline Biodiversity Assessment” or “BBA”</b>     | <p>means a planned and comprehensive baseline biodiversity assessment that includes primary data gathering, evaluation and analyses of conditions, status or quality of forest cover, vegetation, wildlife, aquatic and terrestrial habitats within the areas directly and indirectly affected by the Project.</p>                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Board of Governors”</b>                            | <p>means the board of governors of ADB from time to time.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Biodiversity Offset Management Plan” or “BOMP”</b> | <p>means a plan that contains various biodiversity conservation measures to offset, enhance, protect and conserve the project affected biodiversity. The BOMP will include the (a) identification of suitable sites/areas, (b) design of biodiversity offsetting activities, (c) quantification of conservation benefits and gains, (d) development of operational management plans and associated legal, institutional arrangements, roles and requisite capacities, (e) calculation of budgets and design of suitable financial arrangements, (f) development of stakeholder participation programs, benefit mechanisms and compensation requirements, and (g) establishment of appropriate monitoring and evaluation arrangements.</p> |
| <b>“Coercive Practice”</b>                             | <p>means impairing or harming or threatening to impair or harm, directly or indirectly, any person or the property of the person, to influence improperly the actions of that person.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Collusive Practice”</b>                            | <p>means an arrangement between two or more persons designed to achieve an improper purpose, including influencing improperly the actions of another person.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Common Terms Agreement”</b>                        | <p>has the meaning given to it in paragraph B of the recitals of this Agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**“Corrective Action Plan”**

means a corrective action plan required in accordance with the Safeguards and Social Provisions, which is required to be cleared by ADB, and to include the following:

- (a) a description of (i) each relevant Safeguards and Social Non Compliance, or (ii) each non-compliance issue identified in any relevant environment and/or social compliance audit, including (in either case) their extent, magnitude and impact;
- (b) a description of the cause of each Safeguards and Social Non Compliance and, if applicable, non-compliance issues referred to in paragraph (a) above and the period for which each continued;
- (c) the proposed actions to correct any damage or adverse consequences caused by the relevant Safeguards and Social Non Compliance and, if applicable, non-compliance issues referred to above;
- (d) the identity of the person who will be implementing such proposed actions;
- (e) a time schedule for implementing such proposed actions, including the start date, the proposed end date and key milestones;
- (f) if required under Safeguards Requirements, the estimated cost of such proposed actions; and
- (g) the proposed actions (including any proposed updates to the Safeguards and Social Documents) to prevent any similar Safeguards and Social Non Compliance from occurring in the future.

**“Corrupt Practice”**

means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another person.

**“Country”**

means the Republic of Indonesia.

**“Critical Habitat Assessment” or “CHA”**

means a concept constructed by the International Finance Corporation (IFC) within Performance Standard 6 (PS6) and by the European Bank for Reconstruction (EBRD) and Development within Performance Requirement 6 (PR6) in order to facilitate the identification of areas of high biodiversity value including (a) habitat required for the survival of critically endangered or endangered species; areas having special significance for endemic or restricted-range species; (b) sites that are critical for survival of migratory species; (c) areas supporting globally significant concentrations or numbers of individuals of congregatory species; (d) areas with unique assemblages of species or that are associated with key evolutionary process or provide key ecosystem services; and (e) areas having biodiversity of significant social, economic or cultural importance to local communities. PS6 and PR6 establish the criteria by which Natural, Modified and Critical Habitat are defined. Critical Habitat is a subset of both Natural and Modified Habitats, defined through the criteria of Paragraph 9 of PS6 and Paragraph 13 of PR6. The intention of conducting Critical Habitat Assessment is to define areas in which development would be of a particularly sensitive nature and require special attention if it were to go ahead.

|                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| <b>“Development Effectiveness Monitoring Report”</b>                                              | means a development effectiveness monitoring report in the form set out in Schedule 3 ( <i>Form of Development Effectiveness Monitoring Report</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Drawdown Date”</b>                                                                            | means the date on which an Advance is made pursuant to this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Drawdown Notice”</b>                                                                          | means a notice substantially in the form set out in Schedule 1 ( <i>Drawdown Notice</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Environmental and Social Impact Assessment” (or “ESIA”)</b>                                   | means the Environmental, Social, and Health Impact Assessment (ESIA) Addendum dated October 2013 prepared in accordance with the Safeguards Requirements by qualified and experienced experts appointed by the Borrower and cleared by ADB as being in compliance with the SPS on 9 October 2013 together with Environmental Impact Statement (ANDAL), Environmental Management Plan (RKL), Environmental Monitoring Plan (RPL) posted on the ADB website in August 2009 and the Environmental and Social Compliance Audit Report and Corrective Action Plan posted on the ADB website on October 2013; and, where the Borrower is required to prepare a further environmental assessment either (a) under the Safeguards Requirements or (b) in accordance with any requirement of the current ESMP, then it means such updated and/or new environmental and social impact assessment cleared by ADB. |
| <b>“Environmental and Social Management and Monitoring Plan-Construction Phase” or “ESMMP-CP”</b> | means the environmental management and monitoring plan prepared by each Power Plant Contractor and approved by the Borrower (included in the ESMS).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Environmental and Social Management and Monitoring Plan – Operation Phase” or “ESMMP-OP”</b>  | means the detailed environmental management and monitoring plan, which addresses issues that require attention and monitoring during the operation phase of the Project (included in the ESMS).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Environmental and Social Management Plan” (or “ESMP”)</b>                                     | means: <ul style="list-style-type: none"> <li>(a) the environmental and social management plan for the Project dated October 2013 and incorporated into the ESIA (as Volume II) prepared in accordance with the Safeguards Requirements by qualified and experienced experts appointed by the Borrower and cleared by ADB; and</li> <li>(b) where the Borrower is required to prepare an updated or a new environmental management plan either: <ul style="list-style-type: none"> <li>(i) under the Safeguards Requirements; or</li> <li>(ii) in accordance with any requirement of the current ESMP, then it means such updated and/or new environmental and social management plan cleared by ADB for incorporation into the ESIA.</li> </ul> </li> </ul>                                                                                                                                           |

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| <b>“Environmental Requirements”</b>                 | means the principles and requirements set out in Chapter V, Appendix 1 and (as applicable) Appendix 4 of the SPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Event of Default”</b>                           | means any event or circumstance specified in Clause 14 ( <i>Events of Default</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Financing of Terrorism”</b>                     | means the act of providing or collecting funds with the intention that they be used, or in the knowledge that they are to be used, in order to carry out terrorist acts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“First Advance”</b>                              | means the first Advance made to the Borrower under this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Fraudulent Practice”</b>                        | means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial or other benefit or to avoid an obligation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Hazardous Substance”</b>                        | means any hazardous waste, substance, material or product referred to in the Safeguards Requirements, or defined, listed, classified or regulated as such in or under any Applicable Law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Indigenous Peoples Plan”</b>                    | <p>means the Indigenous Peoples Plan for the Project dated October 2013 (included as Volume III to the ESIA) prepared in accordance with the Safeguards Requirements by qualified and experienced experts appointed by the Borrower and cleared by ADB as being in compliance with the Safeguards Policy Statement 2009 and attached as a schedule to this Agreement and, where the Borrower is required to prepare an updated or a new indigenous peoples plan either:</p> <p>(a) under the Safeguards Requirements; or</p> <p>(b) in accordance with any requirement of the current Indigenous Peoples Plan,</p> <p>then it means such updated and/or new indigenous peoples plan cleared by ADB.</p> |
| <b>“Indigenous Peoples Requirements” (or “IPP”)</b> | means the principles and requirements set out in Chapter V, Appendix 3 and (as applicable) Appendix 4 of the SPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Interest Period”</b>                            | means, in relation to an Advance, each period determined in accordance with Clause 9 ( <i>Interest Period</i> ) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.5 ( <i>Default Interest</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Involuntary Resettlement Requirements”</b>      | means the principles and requirements set out in Chapter V, Appendix 2 and (as applicable) Appendix 4 of the SPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



**“Money Laundering”**

means:

- (a) the conversion or transfer of property, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions;
- (b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offence; or
- (c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence.

**“Obstructive Practice”**

means:

- (a) deliberately destroying, falsifying, altering or concealing evidence material to an investigation by ADB into allegations of a Coercive Practice, Collusive Practice, Corrupt Practice or Fraudulent Practice; making false statements to investigators, in order to materially impede such investigation; failing to comply with requests to provide information, documents or records in connection with such investigation; and threatening, harassing or intimidating any person to prevent it from disclosing its knowledge of matters relevant to such investigation or from pursuing such investigation; or
- (b) acts intended to materially impede the exercise of ADB’s contractual rights of audit or inspection or access to information under any Senior Finance Document in connection with an investigation by ADB into allegations of a Coercive Practice, Collusive Practice, Corrupt Practice or Fraudulent Practice.

**“Party”**

means a party to this Agreement.

**“Prohibited Activity”**

means any activity which constitutes a prohibited investment activity under Appendix 5 (ADB Prohibited Investment Activities List) of the Safeguard Policy Statement, which at the date of this Agreement is set out in Schedule 4 ( *Prohibited Activities* ).

**“Repayment Date”**

has the meaning given to it in Clause 6.1 ( *Repayment Instalments* ).

**“Repayment Instalment”**

has the meaning given to it in Clause 6.1 ( *Repayment Instalments* ).

**“Repayment Schedule”**

means the table of the amounts of scheduled Repayment Instalments for each ADB Tranche and their corresponding dates as set out in Schedule 2 ( *Repayment Schedule* ), as adjusted or replaced pursuant to Clause 6.1 ( *Repayment Instalments* ).

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| <b>“Resettlement Plan” (or “RP”)</b>           | means the Resettlement Plan for the Project dated October 2013 (included as Volume V to the ESIA) which is prepared in accordance with the Safeguards Requirements by qualified and experienced experts appointed by the Borrower and cleared by ADB as being in compliance with the Safeguards Policy Statement on 17 October 2013 and: <ul style="list-style-type: none"> <li data-bbox="613 275 1580 331">(a) where such Resettlement Plan is tentative then it means the finalised Resettlement Plan (when prepared by the Borrower, and cleared by ADB); or</li> <li data-bbox="613 365 1580 447">(b) where the Borrower is required to prepare a revised, supplementary, new or updated Resettlement Plan under the Safeguards Requirements or in accordance with any requirement of the current Resettlement Plan,</li> </ul> then it means such revised, supplementary, new or updated Resettlement Plan cleared by ADB.                                                                                                                                                                                                      |
| <b>“Safeguard Policy Statement” (or “SPS”)</b> | means ADB's Safeguard Policy Statement (2009).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Safeguards and Social Claim”</b>           | means, with respect to the Borrower, any administrative, regulatory or judicial action or any written notice, claim, suit, lien, judgment or demand by any Authority which alleges circumstances which (if established) would constitute a Safeguards and Social Non Compliance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Safeguards and Social Documents”</b>       | <ul style="list-style-type: none"> <li data-bbox="613 701 829 726">(a) the AMDAL;</li> <li data-bbox="613 760 797 785">(b) the ESIA;</li> <li data-bbox="613 819 1109 844">(c) the Environmental and Social Action Plan;</li> <li data-bbox="613 877 1162 903">(d) the Environmental and Social Management Plan;</li> <li data-bbox="613 936 914 961">(e) the Resettlement Plan;</li> <li data-bbox="613 995 976 1020">(f) the Indigenous Peoples Plan;</li> <li data-bbox="613 1054 1580 1110">(g) each Corrective Action Plan (cleared by ADB) and any other document required to be prepared by the Borrower under the SPS setting out any preventative and corrective actions;</li> <li data-bbox="613 1144 1580 1201">(h) any other document, plan or programme designated in writing by ADB and the Borrower as a Safeguards and Social Document; and</li> <li data-bbox="613 1234 1580 1308">(i) any documents required at any time to be prepared by the Borrower under the Safeguard Requirements as a result of any unanticipated impacts found during construction, implementation or operation of the Project.</li> </ul> |
| <b>“Safeguards and Social Non Compliance”</b>  | means any failure to comply with, or any action or omission which is inconsistent with, any of the Safeguards and Social Provisions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

**“Safeguards and Social Monitoring Report”**

means each report prepared by the Borrower in accordance with the Safeguards Requirements, for monitoring and measuring the progress of implementation of the ESMP, the Resettlement Plan, the Indigenous Peoples Plan and/or the Social Protection and Gender Requirements (as applicable), including any corrective and preventative actions.

**“Safeguards and Social Provisions”**

means:

- (a) the Safeguards Requirements;
- (b) the Safeguards and Social Documents;
- (c) the Social Protection and Gender Requirements (as applicable); and
- (d) the Applicable Laws pertaining to the Project relating to labour, protection of the environment, pollution, health and safety, indigenous peoples, and/or involuntary resettlement, and including any Authorisation issued under any such Applicable Laws.

**“Safeguards Requirements”**

means the Environmental Requirements, the Involuntary Resettlement Requirements and the Indigenous Peoples Requirements, together with all equivalent requirements under Applicable Law.

**“Significant Safeguards and Social Reporting Event”**

means:

- (a) the release of any Hazardous Substance on or from any property associated with the Project other than in accordance with the Safeguards and Social Provisions;
- (b) any unanticipated incident, accident or circumstance which has resulted in or is likely to result in significant, severe or irreversible damage or impact on the environment, or damage, impact or harm to the lives, livelihood, quality of life, health, safety, security, property or cultural heritage of affected people;
- (c) any incident or accident in connection with the Project resulting in death or significant injury; and/or
- (d) any material explosion or fire at or on any property associated with the Project.

**“Significant Safeguards and Social Non Compliance”**

means any Safeguards and Social Non Compliance which:

- (a) is an intentional or reckless disregard of any specific prohibition, commitment or obligation set out in the Safeguards and Social Provisions; or
- (b) has resulted in or is likely to result in significant, severe or irreversible damage or impact on the environment or damage, impact or harm to the lives, livelihood, quality of life, health, safety, security, property or cultural heritage of affected people; or
- (c) has or is likely to have a material and adverse impact on the reputation or business of ADB.

**“Significant Sub-Contractors”**

means any person appointed or to be appointed by the Contractors to carry out works for the Project, and including any replacement entity appointed as such pursuant to the terms of this Agreement.

**“Social Protection and Requirements”**

**Gender** means the requirements in relation to labour and gender, as set out in the ESMP, IPP and RP, and any other specific management plans.

**“Unpaid Sum”**

means any sum due and payable but unpaid by the Borrower under this Agreement.

**1.2 Defined Terms in Common Terms Agreement**

Terms defined, or incorporated by reference, in the Common Terms Agreement have the same meaning when used in this Agreement unless otherwise defined in this Agreement or the context otherwise permits.

**1.3 Construction and Interpretation**

- (a) The provisions of Clauses 1.2 ( *Construction* ), 1.3 ( *Successors and Assigns* ) and 1.4 ( *Miscellaneous* ) of the Common Terms Agreement are incorporated into this Agreement *mutatis mutandis* as if the same had been set out in full herein, except that each reference to the Common Terms Agreement shall be deemed to be a reference to this Agreement.
- (b) Any reference in this Agreement to:
  - (i) phrases such as satisfactory to ADB, approved by ADB, acceptable to ADB, cleared by ADB, in ADB's discretion, and similar phrases authorise and permit ADB to approve, disapprove, act or decline to act in its sole discretion and the relevant expression of satisfaction, approval, clearance and acceptance is required to be in writing; and
  - (ii) phrases in the Glossary of the Safeguards Policy Statement shall have the meanings therein set out for the purposes of construing the Safeguards Requirements.
- (c) If any Safeguards and Social Provision imposes higher or more stringent requirements or standards to those set out in any other Safeguards and Social Provision, then the higher or more stringent requirements or standards will prevail for the purposes of the Senior Finance Documents.

#### 1.4 **Incorporation by Reference**

Where provisions of the Common Terms Agreement are incorporated in this Agreement by reference, such provisions shall be incorporated into this Agreement *mutatis mutandis* as if the same had been set out in full herein, except that each reference to the Common Terms Agreement shall be deemed to be a reference to this Agreement.

#### 1.5 **Time**

Any reference in this Agreement to a time of day shall, unless a contrary indication appears, be a reference to the time in Manila, Republic of the Philippines.

#### 1.6 **Third Party Rights**

Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement may not enforce any of its terms under the Contract (Right of Third Parties) Act 1999. Notwithstanding any term of this Agreement or any other Senior Finance Document, no consent of any third party is required for any amendment to any provision of this Agreement.

#### 1.7 **Supremacy**

If there is any conflict between the terms of this Agreement and the terms of any other Senior Finance Document, except the Intercreditor Deed, the terms of this Agreement shall prevail.

#### 1.8 **Joint and Several Obligations**

- (a) Each Borrower Entity shall be jointly and severally liable as the Borrower for the performance of each Borrower Entity's obligations under this Agreement.
- (b) For the purposes of this Agreement, if one or more (but not all) Borrower Entities are aware of an event or circumstance, all Borrower Entities shall be considered to be aware of such event or circumstance.

#### 1.9 **Borrower Entities' Agent**

- (a) Each Borrower Entity (other than the Operator) by its execution of this Agreement irrevocably appoints the Operator (acting through one or more authorised signatories) to act on its behalf as its agent in relation to the Senior Finance Documents and irrevocably authorises:
  - (i) the Operator on its behalf to supply all information concerning itself contemplated by the Senior Finance Documents to the Senior Finance Parties and to give all notices and instructions (including Drawdown Notices), to execute on its behalf any deed of accession, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower Entity notwithstanding that they may affect the Borrower Entity, without further reference to or the consent of that Borrower Entity; and

- (ii) each Senior Finance Party to give any notice, demand or other communication to that Borrower Entity pursuant to the Senior Finance Documents to the Operator,

and in each case the Borrower Entity shall be bound as though the Borrower Entity itself had given the notices and instructions (including, without limitation, any Drawdown Notice) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Operator or given to the Operator under any Senior Finance Document on behalf of another Borrower Entity or in connection with any Senior Finance Document (whether or not known to any Borrower Entity and whether occurring before or after such other Borrower Entity became a Borrower Entity under any Senior Finance Document) shall be binding for all purposes on that Borrower Entity as if that Borrower Entity had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Operator and any other Borrower Entity, those of the Operator shall prevail.

## **2. FACILITY AND TRANCHES**

### **2.1 The Facility**

- (a) Subject to the terms of this Agreement, ADB agrees to make available to the Borrower during the Availability Period a term loan facility in an aggregate amount not to exceed the ADB Commitment (the “ **ADB Facility** ”).
- (b) The ADB Facility shall be comprised of:
  - (i) a tranche funded by ADB in its own capacity up to an amount equal to the ADB Tranche A Commitment (“ **ADB Tranche A** ”);
  - (ii) a tranche provided by ADB, not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund, up to an amount equal to the ADB Tranche B Commitment (“ **ADB Tranche B** ”); and
  - (iii) a tranche provided by ADB, not in its individual capacity but solely in its capacity as an implementing entity of the Canadian Climate Fund for the Private Sector in Asia under the Clean Energy Financing Partnership Facility (established by the Government of Canada), up to an amount equal to the ADB Tranche C Commitment (“ **ADB Tranche C** ”).

## **3. PURPOSES**

### **3.1 Use of Facility**

- (a) The Borrower shall apply all amounts borrowed by it under the ADB Facility towards the financing of Project Costs (so long as they are also ADB Eligible Costs).
- (b) No Advance may be used for any purpose other than as specified in paragraph (a) above or as otherwise approved by ADB.

### **3.2 Monitoring**

ADB is not bound to monitor or verify the application of any Advance pursuant to this Agreement.

#### **4. CONDITIONS PRECEDENT**

##### **4.1 Conditions Precedent to Delivery of First Drawdown Notice**

The Borrower may not deliver a Drawdown Notice under this Agreement unless:

- (a) all of the requirements set out in Clause 3.1 ( *Conditions Precedent to Delivery of First Drawdown Notice* ) to the Common Terms Agreement have been satisfied or waived;
- (b) ADB has received an original signed letter from the government of the Country addressed to ADB confirming that the government of the Country has no objection to ADB's proposed financial assistance to the Borrower; and
- (c) the following environmental and social requirements have been fulfilled by the Borrower:
  - (i) delivery to ADB of:
    - (A) the BAP, BBA, BOMP and CHA;
    - (B) the Addendum ANDAL;
    - (C) the Resettlement Plan;
    - (D) the Indigenous Peoples Plan; and
    - (E) the Environmental and Social Action Plan,in each case in a form and substance satisfactory to ADB; and
  - (ii) engagement of a qualified environmental and social monitoring expert cleared by ADB.

##### **4.2 Conditions Precedent to all Advances**

ADB will only be obliged to comply with Clause 5.1(b)( *Delivery of a Drawdown Notice* ) in relation to each Advance if on the date of the Drawdown Notice and on the proposed Drawdown Date:

- (a) each of the conditions set out in Clause 3 ( *Conditions Precedent* ) of the Common Terms Agreement have been satisfied or waived with respect to that Advance; and
- (b) the Board of Governors of ADB has not suspended the Country from membership in ADB pursuant to Article 42 of the ADB Charter, the Country has not otherwise ceased to be a member of ADB, and the Country has not given a notice of withdrawal from membership pursuant to Article 41 of the ADB Charter.

##### **4.3 Conditions for ADB's Benefit**

The conditions in this Clause 4 ( *Conditions Precedent to Delivery of First Drawdown Notice* ) are for the benefit of ADB only and may be waived by ADB in accordance with the provisions of this Agreement and the Intercreditor Deed.

#### 4.4 **Notification of Receipt of Conditions Precedent**

After the receipt of a Drawdown Notice, ADB shall notify the Borrower and the Intercreditor Agent as to whether the conditions, documents and evidence (which it has to confirm in accordance with this Agreement) have been satisfied and/or delivered in accordance with Clauses 4.1( *Conditions Precedent to Delivery of First Drawdown Notice* ) and 4.2 ( *Conditions Precedent to all Advances* ).

#### 4.5 **Saving of Right**

Unless ADB otherwise notifies the Borrower, and without limiting the generality of this Clause 4 ( *Conditions Precedent to Delivery of First Drawdown Notice* ), the right of ADB to require compliance with any condition under this Agreement which it waives in respect of any particular Drawdown Notice is preserved for the purposes of any subsequent Drawdown Notice.

#### 4.6 **Authority to Pay Proceeds of Advance**

- (a) ADB is irrevocably and unconditionally authorised by the Borrower to pay and apply the proceeds of each Advance in accordance with the applicable Drawdown Notice.
- (b) The Borrower agrees that any Advance disbursed in accordance with a Drawdown Notice shall be deemed to have been made to and for the account of the Borrower and the Borrower waives all rights of protest that it may have to the contrary.

### 5. **DRAWDOWN**

#### 5.1 **Delivery of a Drawdown Notice**

- (a) Subject to the terms and conditions of this Agreement, the Borrower may utilise the ADB Facility by delivery to ADB (with a copy to the Intercreditor Agent) of:
  - (i) a duly completed original Drawdown Notice requesting an Advance to be made:
    - (A) for the First Advance, at least four (4) days on which banks are generally open for business in Manila and New York before the Drawdown Date of the proposed Advance to be made under this Agreement ; and
    - (B) for each other Advance, at least eight (8) Business Days before the Drawdown Date of the proposed Advance to be made under this Agreement; and
  - (ii) such evidence as ADB may reasonably request of the proposed utilisation of proceeds of that Advance or the utilisation of proceeds of any prior Advance.
- (b) Subject to Borrower's compliance with Clause 5.2 ( *Completion of a Drawdown Notice* ) below, ADB shall pay the proceeds of each Advance to the Onshore Disbursement Account in accordance with the payment instructions specified in the Drawdown Notice.

#### 5.2 **Completion of a Drawdown Notice**

- (a) Each Drawdown Notice in respect of an Advance is irrevocable and will not be regarded as having been duly completed unless:



- (i) the proposed Drawdown Date is a Business Day within the Availability Period;
  - (ii) it specifies the ADB Tranche under which the Advance is proposed to be drawn;
  - (iii) the specified currency of the Advance is U.S. Dollars;
  - (iv) the amount of the Advance proposed in the Drawdown Notice is less than or equal to the Available Commitment in respect of the ADB Tranche to be drawn;
  - (v) the proposed Interest Period specified in the Drawdown Notice complies with Clause 9 ( *Interest Periods* );
  - (vi) the Drawdown Notice is executed by two Authorised Representatives of the Operator;
  - (vii) the Borrower certifies that the proceeds of the Advance are to be applied in discharge of Project Costs (that are also ADB Eligible Costs) that are due and payable or projected to become due and payable within sixty (60) days of the proposed Drawdown Date; and
  - (viii) the amount of each Advance requested under the relevant ADB Tranche is a multiple of USD100,000 and shall be made in such amount so as to ensure that the aggregate amount of all Advances made under the Senior Facilities on that Drawdown Date equals or exceeds USD1,000,000 unless the amount of the requested Advance is for all of the Available Commitment for the relevant ADB Tranche, in which case the requirements in this paragraph (viii) shall not apply.
- (b) No more than one (1) Drawdown Notice for each ADB Tranche may be made by the Borrower in each calendar month.
- (c) A separate Drawdown Notice shall be issued for each ADB Tranche.

### 5.3 **Records**

The Borrower shall retain or cause to be retained until two (2) years after the Availability Period all records (contracts, orders, notices, invoices, bills, receipts and other documents) evidencing the expenditures for which Advances are requested in accordance with the Common Terms Agreement and this Agreement and shall enable representatives or agents of ADB to examine such records.

## 6. REPAYMENT

### 6.1 Repayment Instalments

- (a) The Borrower shall repay to ADB the outstanding Advances in semi-annual instalments (each, a “ **Repayment Instalment** ”) on the dates (each a “ **Repayment Date** ” ) and in the amounts set out in the Repayment Schedule.
- (b) Repayment Instalments must be made in order to effect receipt by ADB for value on the relevant Repayment Date in accordance with Clause 16.2 ( *Place and Time for Payment* ).
- (c) Notwithstanding anything to the contrary in this Agreement, all outstanding Advances must be repaid in full on the Final Maturity Date.
- (d) The Borrower may not re-borrow any part of an Advance which is repaid or prepaid.

### 6.2 Repayment Schedule

- (a) If:
  - (i) less than the full amount of the ADB Commitment is disbursed under this Agreement and the remainder of the ADB Commitment is reduced to zero or otherwise cancelled at the end of the Availability Period, then the Repayment Schedule shall be adjusted by deducting the amount of such reduction or cancellation *pro rata* (in line with the relevant percentage figures set out in the Repayment Schedule) from each of the Repayment Instalments; or
  - (ii) any portion of the ADB Facility is prepaid in accordance with this Agreement and the Common Terms Agreement, then the Repayment Schedule shall be adjusted by deducting the amount of such prepayment from each of the Repayment Instalments either in inverse order of maturity or on a *pro rata* basis (in line with the relevant percentage figures set out in the Repayment Schedule), as expressly required by the Common Terms Agreement,

provided that, each Repayment Instalment shall be rounded up to the nearest multiple of US\$1,000 and the aggregate amount of any increases resulting from such adjustments shall be deducted from the final Repayment Instalment.

- (b) If any adjustment to the Repayment Schedule is required pursuant to paragraph (a) above, ADB shall promptly (and in any event no later than ten (10) Business Days after such event) prepare and deliver to the Borrower and the Intercreditor Agent (to forward to the JBIC Facility Agent and the Covered Lenders Facility Agent) an updated Repayment Schedule, and such updated Repayment Schedule shall replace the then-effective Repayment Schedule and, in the absence of manifest or computational error, bind the Borrower irrevocably and unconditionally to repay the Advances in accordance therewith.
- (c) ADB may from time to time make any reasonable revision to the Repayment Schedule to adjust the amount of any Repayment Instalments so as to achieve whole numbers in each case.
- (d) Any failure by ADB to prepare or deliver a revised Repayment Schedule shall not affect the Borrower’s obligation to make any repayment in accordance with the provisions of this Agreement and the Common Terms Agreement.

## **7. CANCELLATION AND PREPAYMENT**

### **7.1 Cancellation**

- (a) The Borrower may cancel all or any part of the Available Commitment for any ADB Tranche in accordance with Clauses 5.1 ( *Cancellation* ) and 5.4 ( *Miscellaneous Provisions* ) of the Common Terms Agreement.
- (b) ADB may, by notice to the Borrower, cancel the Available Commitment for any ADB Tranche in whole or in part if any Equity Party is named on ADB's Sanctions List.
- (c) Upon the giving of any such notice under this Clause 7.1 ( *Cancellation* ), the rights of the Borrower to any further Advance of the relevant amount of the Available Commitment specified in such notice shall be cancelled and the Borrower shall pay to ADB all fees and other amounts accrued (whether or not then due and payable) under the Senior Finance Documents in respect of such cancelled amount up to the date of such cancellation.
- (d) The Borrower shall pay any amount payable under Clause 25 ( *Indemnities* ) of the Common Terms Agreement in connection with any cancellation of the whole or part of any Available Commitment at the time of the cancellation.

### **7.2 Voluntary Prepayment**

- (a) The Borrower may prepay all or any part of the Advances in accordance with Clauses 5.2 ( *Voluntary Prepayment* ) and 5.4 ( *Miscellaneous Provisions* ) of the Common Terms Agreement.
- (b) On the date of any prepayment of any Advance in accordance with Clause 5.2 ( *Voluntary Prepayment* ) of the Common Terms Agreement, the Borrower shall pay to ADB a prepayment premium in the amount of zero point five per cent. (0.5%) of the amount prepaid to ADB.

### **7.3 Mandatory Prepayment**

The Borrower shall effect mandatory prepayment of the Advances in accordance with Clauses 5.3 ( *Mandatory Prepayments* ) and 5.4 ( *Miscellaneous Provisions* ) of the Common Terms Agreement.

## **8. INTEREST**

### **8.1 Calculation of Interest for each Tranche**

The rate of interest on each Advance for each Interest Period relating thereto shall be determined as follows:

- (a) for each Advance made under ADB Tranche A, the percentage rate per annum that is the aggregate of the applicable:
  - (i) ADB Tranche A Margin; and
  - (ii) LIBOR for the relevant Interest Period.
- (b) for each Advance made under ADB Tranche B, a fixed rate of four per cent (4%) per annum; and

(c) for each Advance made under ADB Tranche C, a fixed rate of five per cent (5%) per annum.

## 8.2 **Determination of LIBOR for ADB Tranche A**

ADB shall determine LIBOR for the relevant Interest Period for Advances made under ADB Tranche A and shall, in accordance with Clause 8.1 ( *Calculation of Interest for each Tranche* ), determine the Interest Rate applicable to that Interest Period and promptly notify the Borrower of such rate. The Borrower agrees that all computations of interest by ADB shall be conclusive in the absence of manifest error.

## 8.3 **Alternative Basis for ADB Tranche A Advances**

If a Market Disruption Event occurs in relation to the Advances made under ADB Tranche A for any Interest Period, then the rate of interest on such Advances for that Interest Period shall be calculated in accordance with Clause 10 ( *Market Disruption* ) of the Common Terms Agreement.

## 8.4 **Payment of Interest**

The Borrower shall pay accrued interest on each Advance calculated in accordance with Clause 8.1 ( *Calculation of Interest for each Tranche* ) on each Interest Payment Date on the principal amount of the relevant Advance.

## 8.5 **Default Interest**

Default interest shall accrue and be payable on any amounts payable by the Borrower under this Agreement when due in accordance with Clause 7.3 ( *Default Interest* ) of the Common Terms Agreement.

## 8.6 **Notification of Rates of Interest**

No later than thirty (30) days prior to each Interest Payment Date, ADB shall:

- (a) calculate the amount of accrued and unpaid interest due and payable on such Interest Payment Date; and
- (b) notify the Borrower in accordance with Clause 16.3 ( *Notice of Debt Service* ) of the amount of accrued and unpaid interest scheduled to be due and payable on such Interest Payment Date,

provided however that failure by ADB to deliver any such notice or any error therein shall not in any manner affect the obligation of the Borrower to pay interest on the outstanding Advances in accordance with this Agreement and such determination by ADB shall be conclusive absent manifest error.

# 9. **INTEREST PERIODS**

## 9.1 **Common Terms Agreement**

Interest Periods in relation to Advances under this Agreement shall be determined in accordance with Clause 6 ( *Interest Periods* ) of the Common Terms Agreement.

## 9.2 Consolidation of Advances

If the Interest Periods for more than one Advance made to the Borrower under any ADB Tranche end on the same date, those Advances will be consolidated into, and treated as, a single Advance under that ADB Tranche on the last day of the Interest Period.

## 10. FEES AND PREMIUM

### 10.1 Front-end Fee

- (a) The Borrower shall pay to ADB the following front-end fees:
  - (i) in respect of ADB Tranche A, one per cent (1.00%) of the amount of the ADB Tranche A Commitment; and
  - (ii) in respect of ADB Tranche B, zero point five per cent (0.50%) of the amount of the ADB Tranche B Commitment.
- (b) No front-end fees shall be payable by the Borrower with respect to ADB Tranche C.
- (c) Each front-end fee shall be paid on the earlier of:
  - (i) the First Drawdown Date; and
  - (ii) the date that occurs sixty (60) days after the Signing Date.

### 10.2 ADB Tranche A Commitment Fee

- (a) The Borrower shall pay to ADB a commitment fee, payable on the daily uncanceled and unutilised portion of the ADB Tranche A Commitment at the rate of zero point eight per cent (0.80%) per annum (“**ADB Tranche A Commitment Fee**”).
- (b) The ADB Tranche A Commitment Fee shall commence to accrue from and including the Signing Date and must be paid in arrears as follows:
  - (i) the first payment of accrued ADB Tranche A Commitment Fee shall be made on 24 September 2014; and
  - (ii) each subsequent payment of accrued ADB Tranche A Commitment Fee shall be made at each Interest Payment Date.
- (c) The accrued ADB Tranche A Commitment Fee shall be computed on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the London interbank market differs, in accordance with that market practice.
- (d) No commitment fees shall be payable by the Borrower with respect to the ADB Tranche B Commitment or the ADB Tranche C Commitment.

## 11. ADDITIONAL PAYMENT OBLIGATIONS

### 11.1 Taxes, Indemnities and Costs and Expenses

- (a) The Borrower shall pay to ADB all fees, costs and expenses pursuant to Clauses 11 ( *Increased Costs* ) and 24 ( *Expenses and Stamp Duties* ) of the Common Terms Agreement and such clauses are incorporated in this Agreement as if expressly set out herein.

- (b) Subject to the provisions of the Common Terms Agreement, the Borrower shall pay to ADB any amounts due and payable in accordance with Clauses 9 ( *Taxes* ) and 25 ( *Indemnities* ) of the Common Terms Agreement and such clauses are incorporated in this Agreement as if expressly set out herein.
- (c) The payment in U.S. Dollars of all amounts expressed to be due hereunder in U.S. Dollars is of the essence of this Agreement, and such obligations shall not be discharged by any payment made in another currency, whether pursuant to a judgment or otherwise, to the extent that the amount of such payment on prompt conversion to U.S. Dollars under normal banking procedures does not yield the amount of U.S. Dollars due hereunder.
- (d) If the amount of any payment made by the Borrower under this Agreement is less than the total amount due and payable in respect of such payment, ADB shall have the right to apply the amount received towards principal, interest or other sums owing hereunder as ADB considers appropriate; provided that in all cases such application is consistent with the terms of the Intercreditor Deed.
- (e) ADB shall not be liable to any Equity Party, or any Affiliate thereof, for any consequential loss or consequential damages.

#### 11.2 **Indemnity to ADB**

The Borrower shall promptly indemnify ADB against any cost, loss or liability incurred by ADB (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

#### 11.3 **Portfolio supervision costs**

The Borrower shall pay to ADB, within 30 days of demand by ADB, its portfolio supervision costs of:

- (a) in the case of ADB Tranche A, USD50,000 per annum; and
- (b) in the case of ADB Tranche B and ADB Tranche C, in aggregate, USD50,000 per annum,

to allow ADB to fulfil its annual and/or quarterly reporting requirements and in respect of site visits (including travel and subsistence expenses).

#### 11.4 **Waiver Fee**

Without prejudice to Clause 24.1 ( *Costs* ) and Clause 24.2 ( *Enforcement Costs* ) of the Common Terms Agreement, the Borrower shall, in respect of every waiver request following receipt of three waiver requests from the Borrower, pay to ADB a waiver fee of USD10,000 per waiver request (which may include more than one waiver) within fifteen (15) Business Days of receipt by the Borrower of a statement from ADB.

### 12. **REPRESENTATIONS AND WARRANTIES**

The Borrower makes the representations and warranties set out in Clause 13 ( *Representations and Warranties* ) of the Common Terms Agreement at the times specified therein and Clauses 12.1 ( *Anti Money Laundering and Anticorruption* ) through Clause 12.4 ( *Significant Sub-Contractor* ) of this Agreement at the times specified in Clause 12.5 ( *Representations* ).

### 12.1 **Anti Money Laundering and Anticorruption**

Neither the Borrower nor any person acting on its behalf has been engaged in:

- (a) Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Project or any transaction contemplated by this Agreement, including the procurement or the execution of any contract for goods, services or works relating to the Project;
- (b) Obstructive Practices;
- (c) Money Laundering or acted in breach of any Applicable Law relating to Money Laundering; or
- (d) Financing of Terrorism or acted in breach of any Applicable Law relating to the Financing of Terrorism.

### 12.2 **Safeguards and Social Compliance**

- (a) The Project is being and has been prepared, designed, constructed, implemented and operated in accordance with the Safeguards and Social Provisions.
- (b) There are, to the knowledge of the Borrower, after reasonable enquiry no past, pending or threatened Safeguards and Social Claims in relation to the Project.
- (c) All information relating to the Project contained in any document submitted by or on behalf of the Borrower to any Governmental Authority, ADB and/or to affected persons or other stakeholders in connection with any labour, environmental, health and safety, involuntary resettlement or indigenous peoples matter in connection with the Project was true, complete and accurate in all material respects at the time of submission and no such document omitted any information the omission of which would have made such document misleading in any material respect.
- (d) There are no facts, circumstances, conditions or occurrences regarding the Project that could reasonably be expected to form the basis of a Safeguards and Social Claim.

### 12.3 **Selection of the Borrower**

The information contained in the document titled “Project Development – History and Bidding Background” initialled by the Operator and the Intercreditor Agent on or before the Signing Date for the purposes of identification is true and accurate in all material respects and is not misleading in any material respect and has been complied with due care and attention.

### 12.4 **Significant Sub-Contractor**

The Borrower represents that no Significant Sub-Contractor, for so long as that person has any obligations to supply equipment and/or services to the Borrower, the Initial Drilling Contractor or a Power Plant Contractor, is a person named on ADB’s Sanctions List.

### 12.5 **Representations**

The representations and warranties set forth in Clauses 12.1 ( *Anti Money Laundering and Anticorruption* ), 12.2 ( *Safeguards and Social Compliance* ), 12.3 ( *Selection of the Borrower* ) and 12.4 ( *Significant Sub-Contractor* ) are made on the date of this Agreement and such representations and warranties are deemed to be either made or repeated by the Borrower:

- (a) on the date of each Drawdown Notice;
- (b) on the date of each Advance; and
- (c) on each Interest Payment Date,

in each case with reference to the then existing facts and circumstances.

### **13. UNDERTAKINGS**

#### **13.1 General**

The Borrower agrees to observe and perform the undertakings set forth in Clauses 14 ( *Hedging* ), 15 ( *Information Undertakings* ), 16 ( *General Undertakings* ), 17 ( *Equity-Related Undertakings* ), 18 ( *Project Undertakings* ), 19 ( *Environmental and Social Undertakings* ) and 20 ( *Project Insurance* ) of the Common Terms Agreement and all other undertakings of the Borrower set forth in the Common Terms Agreement and all other Senior Finance Documents to which it is a party.

#### **13.2 Anti Money Laundering and Anticorruption**

The Borrower shall not engage in (nor shall it authorise or permit any person acting on its behalf to engage in):

- (a) Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Project or any transaction contemplated by this Agreement, including the procurement or the execution of any contract for goods, services or works relating to the Project;
- (b) Obstructive Practices;
- (c) Money Laundering or act in breach of any Applicable Law relating to Money Laundering; or
- (d) the Financing of Terrorism or act in breach of any Applicable Law relating to the Financing of Terrorism.

#### **13.3 Prevention and notification of Money Laundering and Corruption**

- (a) The Borrower shall institute, maintain and comply with internal procedures and controls following international best practice standards for the purpose of preventing any action in breach of the provisions of Clause 13.2 ( *Anti Money Laundering and Anticorruption* ).
- (b) The Borrower undertakes to inform ADB promptly if it should at any time obtain information in relation to any violation or potential violation of the provisions of Clause 13.2 ( *Anti Money Laundering and Anticorruption* ).



- (c) If ADB notifies the Borrower of its concern that there has been a violation of any of the provisions of Clause 13.2 ( *Anti Money Laundering and Anticorruption* ), the Borrower will:
  - (i) cooperate in good faith with ADB and its representatives in determining whether such a violation has occurred including obtaining legal opinions, authorisations and disclosure letters from government authorities, carrying out additional due diligence and investigative reports;
  - (ii) respond promptly and in reasonable detail to any notice from ADB; and
  - (iii) furnish documentary support for such response upon ADB's request.
- (d) Notwithstanding any other provision of the Senior Finance Documents or any confidentiality undertaking executed between the Borrower and ADB, the Borrower acknowledges that ADB may disclose to any Governmental Authority or any Specified International Financial Institution any information obtained by ADB in relation to any violation of any of the provisions of Clause 13.2 ( *Anti Money Laundering and Anticorruption* ) or this Clause 13.3 ( *Prevention and notification of Money Laundering and Corruption* ).

#### 13.4 Compliance with Safeguards and Social Provisions

- (a) The Borrower shall comply with all obligations on its part in the Safeguards and Social Provisions in accordance with the terms thereof.
- (b) The Borrower shall provide ADB with such assistance (including providing information) as it may reasonably request from time to time in order to respond to:
  - (i) any correspondence or enquiry received by ADB from any third party; and/or
  - (ii) any statements made by any third party, in either case, relating to any of the environmental, health and safety, labour, resettlement and/or indigenous peoples aspects of the Project.
- (c) The Borrower shall send to ADB a copy of any written communication sent to or received from any relevant Governmental Authority regarding the Project's compliance or (if applicable) non-compliance with the Safeguards and Social Provisions as soon as possible and in any event within five (5) Business Days after the Borrower sends or receives the same.
- (d) The Borrower shall send to ADB written details of any current, threatened or pending Safeguards and Social Claim as soon as possible and in any event within five (5) Business Days upon the Borrower becoming aware of the same, and shall send to ADB written details of its proposed response to that Safeguards and Social Claim as soon as possible and in any event within ten (10) Business Days upon the Borrower becoming aware of the relevant Safeguards and Social Claim.

#### 13.5 Safeguards and Social Monitoring

- (a) The Borrower shall procure that, promptly upon the request of ADB, ADB (or a representative of ADB) shall be given access to the Project Site and to such premises, technical and statistical data, books, records and other data as may be required by ADB to monitor compliance with the Safeguards and Social Provisions provided that ADB shall ensure that such access rights are exercised at reasonable times of the day and on reasonable notice to the Borrower.

- (b) The Borrower shall engage the services of independent consultants or firms, comprising well qualified experts in environment, involuntary resettlement and indigenous peoples and in accordance with all other requirements of the Safeguards and Social Provisions and as described in the Safeguards and Social Documents.
- (c) The Borrower shall facilitate the carrying out of any monitoring/verification activities by or on behalf of ADB and, if required under the Safeguards Requirements, by any independent advisory panel or other external experts engaged to verify monitoring information.

#### 13.6 Safeguards and Social Reporting and Corrective Measures

- (a) The Borrower shall undertake internal monitoring of the progress of implementation of the Safeguards and Social Documents and deliver to ADB a semi-annual Safeguards and Social Monitoring Report in the form substantially set out in Schedule 5 ( *Form of Safeguards and Social Monitoring Report* ) and other studies and reports at the times and in accordance with all other requirements of the Safeguards and Social Provisions.
- (b) The Borrower shall promptly notify ADB if any unanticipated environmental and/or social impacts arise during construction, implementation or operation of the Project that were not considered in the ESIA, the ESMP, the RP and the IPP, or their updates, providing detailed information and proposals to address the same.
- (c) In the event of a Significant Safeguards and Social Reporting Event the Borrower shall:
  - (i) notify ADB promptly and in any event within twenty four (24) hours of its occurrence;
  - (ii) undertake such emergency actions (if any) as are appropriate in response to the Significant Safeguards and Social Reporting Event and notify ADB of such emergency actions as soon as possible;
  - (iii) undertake all other actions (if any) as are required to be implemented without delay to remedy or mitigate the effects of the Significant Safeguards and Social Reporting Event, obtaining ADB's agreement to such actions whenever reasonably practicable to obtain the same within the time available; and
  - (iv) as soon as is reasonably practicable, provide ADB with a proposed Corrective Action Plan in relation to all remaining corrective measures required in relation to the Significant Safeguards and Social Reporting Event.
- (d) In the event of the occurrence of a Safeguards and Social Non Compliance which does not comprise a Significant Safeguards and Social Reporting Event, the Borrower shall:
  - (i) notify ADB promptly and in any event within five (5) Business Days of its occurrence;
  - (ii) provide ADB with written details of such Safeguards and Social Non Compliance, including a reasonably detailed description of the relevant event, circumstance or occurrence and the extent, magnitude, impact and cause of that event as soon as possible and in any in any event within fifteen (15) Business Days of its occurrence (or such longer period as may be agreed by ADB); and

- (iii) provide ADB with the Borrower's proposed Corrective Action Plan in respect of such Safeguards and Social Non Compliance as soon as possible and in any event within twenty (20) Business Days of its occurrence (or such longer period as may be agreed by ADB).

#### 13.7 **Corrective Action Plans**

- (a) If the Borrower is required at any time to prepare a Corrective Action Plan, the Borrower shall promptly do so and shall:
  - (i) promptly provide ADB with all such further information and assistance as ADB requires to facilitate agreement of each Corrective Action Plan;
  - (ii) procure that each Corrective Action Plan (cleared by ADB) is implemented expeditiously in accordance with the terms thereof;
  - (iii) not proceed with implementing the specific components for which involuntary resettlement impacts are identified until the Corrective Action Plan has been cleared by ADB;
  - (iv) promptly provide ADB with such information and monitoring reports as may be specified in the Corrective Action Plan (cleared by ADB) or as requested by ADB from time to time to confirm the status of the implementation of any such Corrective Action Plan;
  - (v) provide to ADB as soon as possible and in any event within five (5) Business Days after any date specified in a Corrective Action Plan (cleared by ADB) as being the date by which the relevant event, circumstance or occurrence will be remedied, a notice which either confirms that the relevant remedial action has been completed or which provides details of the reasons why such remedial action has not been completed and the proposed steps being taken to remedy the relevant event, circumstance or occurrence; and
  - (vi) ADB's approval of a Corrective Action Plan shall not constitute an express or implied waiver by ADB of any rights ADB may have as a result of any Safeguards and Social Non Compliance which the relevant Corrective Action Plan is required to remedy.

#### 13.8 **Procurement**

The Borrower shall ensure that goods and services required for the Project which are to be financed by the Facilities are procured in, and produced from, ADB member countries, using suitable procedures.

#### 13.9 **Communications with Auditor**

As soon as reasonably practicable after delivery or receipt as the case may be, the Borrower shall supply to ADB copies of all material communications between the Borrower and its auditor commenting on matters such as the adequacy of the Borrower's financial control procedures and accounting and management information system.

#### 13.10 **Books and Records**

The Borrower shall:

- (a) keep books and records with financial information maintained in accordance with the Applicable Accounting Standards;
- (b) upon ADB's request, and with reasonable prior notice to the Borrower and so long as ADB complies with health, safety and security clearance requirements under Applicable Law, permit two (2) representatives of ADB during normal office hours, to:
  - (i) visit any of the sites and premises where the business of the Borrower is conducted;
  - (ii) inspect any of the Borrower's and its contractors' and subcontractors' sites, facilities, plants and equipment;
  - (iii) have access to the Borrower's books of account and all records; and
  - (iv) have access to those employees, agents, contractors and subcontractors of the Borrower who have or may have knowledge of matters with respect to which ADB seeks information,

provided that no such reasonable prior notice shall be necessary if a Default is continuing;

- (c) reimburse ADB no later than thirty (30) days following written demand for all documented costs and expenses incurred in connection with paragraph (b) above;
- (d) install and maintain an accounting and control system, management information system and books of account and other records, which together give a fair and true view of the financial condition of the Borrower and the results of its operations, in each case in accordance with the Applicable Accounting Standards; and
- (e) employ an independent auditor to audit annually its financial statements in accordance with Clause 15.1(a) ( *Audited Financial Statements* ) of the Common Terms Agreement.

#### 13.11 Development Effectiveness Monitoring Report

The Borrower shall provide a Development Effectiveness Monitoring Report to ADB on a semi-annual basis, within forty-five (45) days after the middle and end of each of the Borrower's financial years, commencing 30 June 2014.

#### 13.12 Compliance with Safeguards Requirements

The Borrower shall not apply any amounts borrowed by it under the ADB Facility to any Prohibited Activity.

### 14. EVENTS OF DEFAULT

#### 14.1 Common Terms Agreement

Clause 21 ( *Events of Default* ) of the Common Terms Agreement is incorporated by reference into this Agreement as if fully set forth herein. The Events of Default set out in Clause 21 ( *Events of Default* ) of the Common Terms Agreement shall each constitute an event of default under this Agreement. On and at any time after the occurrence of an Event of Default which is subsisting, ADB may (acting in accordance with, and subject to the terms of, the Intercreditor Deed), by written notice to the Intercreditor Agent, instruct it to exercise one (1) or more of the remedies set out in Clause 21 ( *Events of Default* ) of the Common Terms Agreement in respect of the ADB Facility.

#### 14.2 ADB Events of Default

Subject to the terms of the Intercreditor Deed, if an ADB Event of Default shall have occurred and be subsisting, ADB shall have the right to declare that all or any part of the ADB Commitment is cancelled, whereupon it shall forthwith be cancelled, and/or declare that all or any part of the amounts outstanding in respect of the ADB Facility are immediately due and payable, whereupon the same shall forthwith become due and payable and the Borrower shall prepay all Advances. Each of the events set out in Clauses 14.3 to 14.5 (inclusive) shall be included as an ADB Event of Default.

#### 14.3 Cessation of ADB Membership

If, at any time, the Board of Governors of ADB has suspended the Country from membership of ADB pursuant to Article 42 of the Charter or the Country has otherwise ceased to be a member of ADB, or the Country has given a notice of withdrawal of membership pursuant to Article 41 of the Charter.

#### 14.4 Anti Money Laundering and Anticorruption

- (a) A representation or warranty made by the Borrower under Clause 12.1 ( *Anti Money Laundering and Anticorruption* ) is incorrect or misleading in any material respect when made or when deemed to be repeated by the Borrower under Clause 12.5 ( *Representations* ).
- (b) The Borrower does not comply with any of the provisions of Clause 13.2 ( *Anti Money Laundering and Anticorruption* ).
- (c) The Borrower does not comply with any of the provisions of Clause 13.3 ( *Prevention and notification of Money Laundering and Corruption* ).

#### 14.5 Safeguards and Social Provisions

- (a) A representation or warranty made by the Borrower under Clause 12.2 ( *Safeguards and Social Compliance* ) is incorrect or misleading in any material respect when made ~~or~~ or a representation or warranty is incorrect or misleading in any material respect when deemed to be repeated by the Borrower under Clause 12.2 ( *Safeguards and Social Compliance* ), unless, in either case, the circumstances giving rise to such misrepresentation or breach of warranty:
  - (i) are capable of remedy within a period of thirty (30) days so that if ~~the~~ the Borrower were to repeat the representation or warranty at the expiry of such period it would be true and not misleading in any material respect;
  - (ii) are remedied to the satisfaction of ADB within such thirty (30) day period commencing on the earlier of ADB giving notice to the Borrower and the Borrower becoming aware of the misrepresentation or breach of warranty; and
  - (iii) do not constitute a Significant Safeguards and Social Non Compliance.
- (b) A Safeguards and Social Non Compliance occurs which, in the opinion of ADB (in its absolute discretion), comprises a Significant Safeguards and Social Non Compliance when considered either on its own or in conjunction with one or more other Safeguards and Social Non Compliances (whether or not subsisting).

- (c) The Borrower does not comply with any Safeguards and Social Provisions (except if such failure to comply constitutes a Significant Safeguards and Social Non Compliance) and such failure to comply continues for a period of thirty (30) days from the earlier of:
  - (i) the date on which the Borrower becomes aware of the non-compliance; and
  - (ii) the date on which ADB issues a notice to the Borrower informing it of the non-compliance.

## **15. CHANGES TO THE PARTIES**

### **15.1 Successors and Assignees**

This Agreement binds and benefits the respective successors and assignees of the Parties.

### **15.2 Assignments and Transfers by the Borrower**

The Borrower may not assign or transfer any of its rights or obligations under this Agreement to any person without the prior consent of ADB.

### **15.3 Assignments and Transfers by ADB**

Subject to Clause 28 ( *Changes to the Parties* ) of the Common Terms Agreement, ADB may assign or transfer any or all of its rights or obligations under the Senior Finance Documents to any person.

## **16. PAYMENT MECHANICS**

### **16.1 Method of Payment**

All payments made pursuant to, or in connection with, this Agreement shall be made in accordance with Clause 8 ( *Payments* ) of the Common Terms Agreement, provided that, except to the extent expressly provided otherwise in this Agreement, any payments required to be made by the Borrower under this Agreement shall be made to ADB.

### **16.2 Place and Time for Payment**

Unless otherwise specified in this Agreement, all payments relating to the ADB Facility to be made by the Borrower under this Agreement shall be made to the following account or such other account designated by ADB in writing not later than three (3) Business Days before the due date for payment thereof:

### **ADB Tranche A**

|                         |                                                             |
|-------------------------|-------------------------------------------------------------|
| Correspondent Bank:     | Federal Reserve Bank Of New York, New York                  |
| Bank SWIFT Code:        | FRNYUS33                                                    |
| Account Name:           | ADB Account A                                               |
| Account No.:            | 021080245 (which is the same as the Fedwire routing number) |
| Beneficiary:            | Asian Development Bank                                      |
| Beneficiary SWIFT Code: | ASDBPHMM                                                    |

### **ADB Tranche B**

|                                                 |                             |
|-------------------------------------------------|-----------------------------|
| Bank Name:                                      | Standard Chartered Bank     |
| 1095 Avenue of the Americas, New York, New York |                             |
| Bank SWIFT Code:                                | SCBLUS33                    |
| Account name:                                   | ADB - Clean Technology Fund |
| Account no.:                                    | 3582-021426-006             |

### **ADB Tranche C**

|                                                 |                                                    |
|-------------------------------------------------|----------------------------------------------------|
| Bank Name:                                      | Standard Chartered Bank                            |
| 1095 Avenue of the Americas, New York, New York |                                                    |
| Bank SWIFT Code:                                | SCBLUS33                                           |
| Account name:                                   | ADB - Canadian Climate Fund for the Private Sector |
| Account no.:                                    | 3582-021426-007                                    |

## **16.3 Notice of Debt Service**

- (a) No later than thirty (30) days prior to each Interest Payment Date or Repayment Date, ADB shall prepare and deliver to the Borrower and the Intercreditor Agent a notice setting out the amount of fees and expenses, interest, principal and other amounts due to ADB under this Agreement. Any such determination by ADB shall be final and conclusive and bind the Borrower unless the Borrower demonstrates to the satisfaction of ADB that such determination involved manifest error. Notwithstanding the foregoing, the obligation of the Borrower to pay any amounts when due under this Agreement is not affected in any way by the failure (for any reason whatsoever) on the part of ADB to deliver any such notice or maintain any such records in the manner specified above or by any error in such a notice or such records.
- (b) In respect of all payments to be made by the Borrower under this Agreement, the Borrower shall direct the Offshore Account Bank to transmit SWIFT messages (MT-202) on the applicable due date, with a photocopy of such SWIFT messages to be sent to ADB via fax and/or email on the applicable due date.

## **17. AMENDMENTS AND WAIVERS**

Subject to the provisions of the Senior Finance Documents, this Agreement may be amended, waived, modified or supplemented only by an agreement in writing signed by each Party.

**18. NOTICES**

Any communication to be made under or in connection with this Agreement shall be made in accordance with Clause 34 ( *Notices* ) of the Common Terms Agreement.

**19. INCORPORATION**

The provisions of Clauses 26 ( *Evidence and Calculations* ), 27.1 ( *Waivers and Remedies Cumulative* ), 30 ( *Disclosure of Information* ), 31 ( *Set-Off* ), 32 ( *Severability* ), 33 ( *Counterparts* ) and 35 ( *Language* ) of the Common Terms Agreement shall be incorporated in this Agreement as if expressly set out herein.

**20. FURTHER ASSURANCES**

Each of the Parties agrees that, so far as permitted by applicable law and regulatory requirements, they will promptly upon ADB's request execute or acknowledge all such further documents and do all such further acts and things as may reasonably in the opinion of ADB be necessary at any time to give effect to the provisions of this Agreement.

**21. GOVERNING LAW**

This Agreement, and all non-contractual obligations arising out of or in connection with this Agreement, are governed by English law.

**22. DISPUTE RESOLUTION**

Clause 36 ( *Dispute Resolution* ) of the Common Terms agreement is incorporated by reference in this Agreement as if fully set forth herein.

**23. ADB IMMUNITIES AND PRIVILEGES**

Nothing in this Agreement, or any agreement, understanding or communication relating to this Agreement (whether before or after the date of this agreement) shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to ADB under the Charter, any other international convention or any Applicable Law.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.



## SCHEDULE 1

### FORM OF DRAWDOWN NOTICE

From: [ *Sarulla Operations Limited for and on behalf of the Borrower*]

To: [Asian Development Bank  
Private Sector Operations Department  
6 ADB Avenue  
Mandaluyong City  
0401 Metro Manila  
Philippines]

Attention: Director, Infrastructure Finance Division 1

Dated:

Dear Sirs

#### **Sarulla Operations Limited – ADB Facility Agreement dated [ ] (the “ADB Facility Agreement”)**

1. We refer to the ADB Facility Agreement. This is a Drawdown Notice under ADB Tranche [[A] / [B] / [C]]<sup>1</sup>. Terms defined in the ADB Facility Agreement shall have the same meaning in this Drawdown Notice.

2. We wish to receive an Advance on the following terms:

Proposed Drawdown Date: [ ] (or, if that is not a Business Day, the next Business Day)

[Amount: [ ] or, if less, the Available Commitment

Interest Period: [ • ] days, ending on [ • ], subject to adjustment in accordance with Clause [6.1] ( *Interest Periods* ) of the Common Terms Agreement

3. We certify that:

- (a) each condition specified in [Clauses 4.1 ( *Conditions Precedent to Delivery of First Drawdown Notice* )]<sup>2</sup> [[and] 4.2 ( *Conditions Precedent to all Advances* )<sup>3</sup>] of the Agreement is satisfied on the date of this Drawdown Notice;
- (b) [we have delivered on the same date as this Drawdown Notice drawdown notices under and in accordance with the provisions of the JBIC Facility Agreement and the Covered Lenders Facility Agreement such that the Borrower is in compliance with the requirement of Clause [2.3(b)(i) (Drawdowns)] of the Common Terms Agreement] 4 OR [we have delivered on the same date as this Drawdown Notice, a drawdown notice under ADB Tranche [C/B] and in accordance with the provisions of the ADB Facility Agreement such that the Borrower is in compliance with the requirement of Clause [2.3(b)(ii) (Drawdowns)] of the Common Terms Agreement] 5; and

<sup>1</sup> Clause 5.2(c) provides that a separate Drawdown Notice must be provided for each tranche.

<sup>2</sup> For first Drawdown Notice.

<sup>3</sup> For all Drawdown Notices other than the first Drawdown Notice.

<sup>4</sup> Use for a Drawdown Notice under Tranche A.

(c) this Drawdown Notice otherwise complies with all applicable requirements set out in the Common Terms Agreement and the ADB Facility Agreement;

(d) the proceeds of the Advance shall be used for the following purposes:

[ *specify* ]

4. We certify as follows:

(a) we are in compliance with all Safeguards and Social Requirements;

(b) there are no known Safeguards and Social Claims;

(c) we have applied all amounts borrowed by us under the ADB Facility towards the financing of Project Costs (that are also ADB Eligible Costs); and

(d) all goods and services financed by the ADB Facility have been procured from and produced in, Asian Development Bank member countries.

5. The proceeds of the Advance are to be used to pay for Project Costs as detailed in the documents attached and should be credit to the Onshore Disbursement Account.

6. This Drawdown Notice is irrevocable.

7. Attached are [ *insert description of the documents attached to this Drawdown Notice as required under the Common Terms Agreement and/or the Agreement.* ]

8. We confirm that we, the signatories below, are Authorised Representatives of the Operator.

Yours faithfully

.....

authorised signatory

Sarulla Operations Limited for and on behalf of the Borrower

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<sup>5</sup> Use for a Drawdown Notice under ADB Tranche B or C.

## SCHEDULE 2

### REPAYMENT SCHEDULE

#### REPAYMENT SCHEDULE FOR ADB TRANCHE A

| Repayment Date      | Repayment Percentage | Repayment Instalment (USD) |
|---------------------|----------------------|----------------------------|
| 24-Sep-18           | 2.3723%              | 5,931,000.00               |
| 24-Mar-19           | 2.8698%              | 7,175,000.00               |
| 24-Sep-19           | 2.9500%              | 7,375,000.00               |
| 24-Mar-20           | 2.7560%              | 6,890,000.00               |
| 24-Sep-20           | 2.7421%              | 6,855,000.00               |
| 24-Mar-21           | 2.8969%              | 7,242,000.00               |
| 24-Sep-21           | 3.0825%              | 7,706,000.00               |
| 24-Mar-22           | 2.7834%              | 6,959,000.00               |
| 24-Sep-22           | 2.6642%              | 6,661,000.00               |
| 24-Mar-23           | 3.3858%              | 8,465,000.00               |
| 24-Sep-23           | 3.4232%              | 8,558,000.00               |
| 24-Mar-24           | 3.5318%              | 8,830,000.00               |
| 24-Sep-24           | 3.2121%              | 8,030,000.00               |
| 24-Mar-25           | 3.1301%              | 7,825,000.00               |
| 24-Sep-25           | 3.0497%              | 7,624,000.00               |
| 24-Mar-26           | 2.7194%              | 6,799,000.00               |
| 24-Sep-26           | 2.7355%              | 6,839,000.00               |
| 24-Mar-27           | 3.2933%              | 8,233,000.00               |
| 24-Sep-27           | 3.2979%              | 8,245,000.00               |
| 24-Mar-28           | 3.8176%              | 9,544,000.00               |
| 24-Sep-28           | 3.4483%              | 8,621,000.00               |
| 24-Mar-29           | 2.8248%              | 7,062,000.00               |
| 24-Sep-29           | 2.6588%              | 6,647,000.00               |
| 24-Mar-30           | 3.6257%              | 9,064,000.00               |
| 24-Sep-30           | 3.8730%              | 9,683,000.00               |
| 24-Mar-31           | 3.6350%              | 9,088,000.00               |
| 24-Sep-31           | 4.1033%              | 10,258,000.00              |
| 24-Mar-32           | 4.1956%              | 10,489,000.00              |
| 24-Sep-32           | 3.4613%              | 8,653,000.00               |
| 24-Mar-33           | 2.1717%              | 5,429,000.00               |
| 24-Sep-33           | 1.7765%              | 4,441,000.00               |
| Final Maturity Date | 3.5124%              | 8,779,000.00               |
| <b>Total</b>        | <b>100.00%</b>       | <b>250,000,000.00</b>      |

REPAYMENT SCHEDULE FOR ADB TRANCHE B

| <b>Repayment Date</b> | <b>Repayment Percentage</b> | <b>Repayment Instalment (USD)</b> |
|-----------------------|-----------------------------|-----------------------------------|
| 24-Sep-18             | 2.3723%                     | 1,897,600.00                      |
| 24-Mar-19             | 2.8698%                     | 2,296,000.00                      |
| 24-Sep-19             | 2.9500%                     | 2,360,000.00                      |
| 24-Mar-20             | 2.7560%                     | 2,204,800.00                      |
| 24-Sep-20             | 2.7421%                     | 2,193,600.00                      |
| 24-Mar-21             | 2.8969%                     | 2,317,600.00                      |
| 24-Sep-21             | 3.0825%                     | 2,466,400.00                      |
| 24-Mar-22             | 2.7834%                     | 2,226,400.00                      |
| 24-Sep-22             | 2.6642%                     | 2,131,200.00                      |
| 24-Mar-23             | 3.3858%                     | 2,708,800.00                      |
| 24-Sep-23             | 3.4232%                     | 2,738,400.00                      |
| 24-Mar-24             | 3.5318%                     | 2,825,600.00                      |
| 24-Sep-24             | 3.2121%                     | 2,569,600.00                      |
| 24-Mar-25             | 3.1301%                     | 2,504,000.00                      |
| 24-Sep-25             | 3.0497%                     | 2,440,000.00                      |
| 24-Mar-26             | 2.7194%                     | 2,175,200.00                      |
| 24-Sep-26             | 2.7355%                     | 2,188,800.00                      |
| 24-Mar-27             | 3.2933%                     | 2,634,400.00                      |
| 24-Sep-27             | 3.2979%                     | 2,638,400.00                      |
| 24-Mar-28             | 3.8176%                     | 3,054,400.00                      |
| 24-Sep-28             | 3.4483%                     | 2,758,400.00                      |
| 24-Mar-29             | 2.8248%                     | 2,260,000.00                      |
| 24-Sep-29             | 2.6588%                     | 2,127,200.00                      |
| 24-Mar-30             | 3.6257%                     | 2,900,800.00                      |
| 24-Sep-30             | 3.8730%                     | 3,098,400.00                      |
| 24-Mar-31             | 3.6350%                     | 2,908,000.00                      |
| 24-Sep-31             | 4.1033%                     | 3,282,400.00                      |
| 24-Mar-32             | 4.1956%                     | 3,356,800.00                      |
| 24-Sep-32             | 3.4613%                     | 2,768,800.00                      |
| 24-Mar-33             | 2.1717%                     | 1,737,600.00                      |
| 24-Sep-33             | 1.7765%                     | 1,421,600.00                      |
| Final Maturity Date   | 3.5124%                     | 2,808,800.00                      |
| <b>Total</b>          | <b>100.00%</b>              | <b>80,000,000.00</b>              |

REPAYMENT SCHEDULE FOR ADB TRANCHE C

| Repayment Date      | Repayment Percentage | Repayment Instalment (USD) |
|---------------------|----------------------|----------------------------|
| 24-Sep-18           | 2.3723%              | 474,400.00                 |
| 24-Mar-19           | 2.8698%              | 574,000.00                 |
| 24-Sep-19           | 2.9500%              | 590,000.00                 |
| 24-Mar-20           | 2.7560%              | 551,200.00                 |
| 24-Sep-20           | 2.7421%              | 548,400.00                 |
| 24-Mar-21           | 2.8969%              | 579,400.00                 |
| 24-Sep-21           | 3.0825%              | 616,600.00                 |
| 24-Mar-22           | 2.7834%              | 556,600.00                 |
| 24-Sep-22           | 2.6642%              | 532,800.00                 |
| 24-Mar-23           | 3.3858%              | 677,200.00                 |
| 24-Sep-23           | 3.4232%              | 684,600.00                 |
| 24-Mar-24           | 3.5318%              | 706,400.00                 |
| 24-Sep-24           | 3.2121%              | 642,400.00                 |
| 24-Mar-25           | 3.1301%              | 626,000.00                 |
| 24-Sep-25           | 3.0497%              | 610,000.00                 |
| 24-Mar-26           | 2.7194%              | 543,800.00                 |
| 24-Sep-26           | 2.7355%              | 547,200.00                 |
| 24-Mar-27           | 3.2933%              | 658,600.00                 |
| 24-Sep-27           | 3.2979%              | 659,600.00                 |
| 24-Mar-28           | 3.8176%              | 763,600.00                 |
| 24-Sep-28           | 3.4483%              | 689,600.00                 |
| 24-Mar-29           | 2.8248%              | 565,000.00                 |
| 24-Sep-29           | 2.6588%              | 531,800.00                 |
| 24-Mar-30           | 3.6257%              | 725,200.00                 |
| 24-Sep-30           | 3.8730%              | 774,600.00                 |
| 24-Mar-31           | 3.6350%              | 727,000.00                 |
| 24-Sep-31           | 4.1033%              | 820,600.00                 |
| 24-Mar-32           | 4.1956%              | 839,200.00                 |
| 24-Sep-32           | 3.4613%              | 692,200.00                 |
| 24-Mar-33           | 2.1717%              | 434,400.00                 |
| 24-Sep-33           | 1.7765%              | 355,400.00                 |
| Final Maturity Date | 3.5124%              | 702,200.00                 |
| <b>Total</b>        | 100.00%              | <b>20,000,000.00</b>       |

### SCHEDULE 3

#### FORM OF DEVELOPMENT EFFECTIVENESS MONITORING REPORT

|                                                                                                                          |                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Project Title</b>                                                                                                     | Sarulla Geothermal Power Development Project                                                                                                                                                                                                                     |
| <b>Year of approval</b>                                                                                                  | 2013                                                                                                                                                                                                                                                             |
| <b>Signed Amount (USD)</b>                                                                                               | ADB Tranche A: up to \$250 million in USD<br>ADB Tranche B (Clean Technology Fund): up to \$80 million in USD<br>ADB Tranche C (Canadian Climate Fund for Private Sector): up to \$20 million in USD                                                             |
| <b>Reporting period:</b>                                                                                                 | From: ( mm/dd/year) To: (mm/dd/year)                                                                                                                                                                                                                             |
| <b>PSOD Staff/Division</b>                                                                                               | Jackie B. Surtani, PSIF2                                                                                                                                                                                                                                         |
| <b>Borrower Contact</b>                                                                                                  | Name: Sakaue Jumpei<br>Position: Project Finance Manager<br>Phone: +62 21 2995 1648<br>Email: sakaue.jumpei@medcoenergi.com                                                                                                                                      |
| <b>DEVELOPMENT INDICATORS</b>                                                                                            | <b>Performance during current reporting period</b>                                                                                                                                                                                                               |
| <b>Annual electricity production of 2,529 GWh from 2018 onwards</b>                                                      | Before 2018: N/A<br>2018 onwards: Annual electricity production of [X] GWh in [YEAR]                                                                                                                                                                             |
| <b>Net reduction of 1.3 million tons of CO2 equivalent emissions per year from 2018 onwards</b>                          | Before 2018: N/A<br>2018 onwards: Net reduction of [X] million tons of CO2 equivalent emissions in [YEAR]                                                                                                                                                        |
| <b>Annual corporate tax paid averages at least \$20 million per annum</b>                                                | Before 2018: N/A<br>2018 onwards: [X] USD equivalent in corporate tax paid in [YEAR]                                                                                                                                                                             |
| <b>Employment equivalent to 100 full-time skilled or semiskilled jobs provided during operations by 2020</b>             | Before 2020: N/A<br>2020 onwards: [X] full-time skilled or semiskilled jobs provided in [YEAR]<br><br><i>Note: Employment figures will be disaggregated by skill level and gender if available.</i>                                                              |
| <b>Women comprise at least 20% of the technical or laboratory and administrative positions during operations by 2020</b> | Before 2020: N/A<br>2020 onwards: Women comprise [X%] of the technical or laboratory and administrative positions                                                                                                                                                |
|                                                                                                                          | Before 2020: N/A<br>2020 onwards: Indigenous peoples comprise [X%] of the semiskilled labor from the affected area (Pahae Jae and Pahae Julu) and the North Tapanuli Regency<br>Employment figures will be disaggregated by skill level and gender if available. |

|                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Commissioning of three units to supply geothermal power generation plants designed to deliver about 320 MW by 2018</b>                                                       | Before 2018: N/A<br>2018 onwards: Three units to supply geothermal power generation plants designed to deliver about 320 MW commissioned on [mm/dd/year].                                                                                                                                                                                                                                                                                                                                                  |
| <b>Local purchase of goods and services amount to \$200 million by 2017</b>                                                                                                     | Before 2017: As of [YEAR], local purchase of goods and services amount to \$[X] million<br>2017 onwards: Local purchase of goods and services during construction amounted to \$[X] million.                                                                                                                                                                                                                                                                                                               |
| <b>Employment equivalent to 802 full time skilled or semiskilled jobs and 822 fulltime unskilled jobs provided during construction in 2013–2017</b>                             | Before 2017: As of [YEAR], [X] full time skilled or semiskilled jobs and [X] fulltime unskilled jobs provided during construction since 2013.<br>2017 onwards: a total of [X] full time skilled or semiskilled jobs and [X] fulltime unskilled jobs provided during construction period (2013-2017).<br><br><i>Note:</i> Employment figures will be disaggregated by skill level and gender if available.                                                                                                  |
| <b>Women comprise at least 30% of unskilled labor for services provided during construction in 2013–2017</b>                                                                    | Before 2017: As of [YEAR], women comprise at least [X]% of unskilled labor for services provided during construction since 2013.<br>2017 onwards: Women comprise at least [X]% of unskilled labor for services provided during construction period (2013-2017).<br><br><i>Note:</i> Applicable services provided during construction include the management and operation of a cafeteria, laundry and cleaning service, or basic office administration.                                                    |
| <b>Indigenous peoples comprise 30% of the unskilled labor from the affected area (Pahae Jae and Pahae Julu) and the North Tapanuli Regency during construction in 2013–2017</b> | Before 2017: As of [YEAR], indigenous peoples comprise [X]% of the unskilled labor from the affected area (Pahae Jae and Pahae Julu) and the North Tapanuli Regency during construction since 2013.<br>2017 onwards: Indigenous peoples comprise [X]% of the unskilled labor from the affected area (Pahae Jae and Pahae Julu) and the North Tapanuli Regency during construction period (2013-2017).<br><br><i>Note:</i> Employment figures will be disaggregated by skill level and gender if available. |

## **SCHEDULE 4**

### **PROHIBITED ACTIVITIES**

- (a) Production or activities involving harmful or exploitative forms of forced labour;
- (b) Child labour;
- (c) Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-outs or bans, such as (a) pharmaceuticals, pesticides, and herbicides, (b) ozone-depleting substances, (c) polychlorinated biphenyls and other hazardous chemicals, (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and (e) trans-boundary trade in waste or waste products;
- (d) Production of or trade in weapons and munitions, including paramilitary materials;
- (e) Production of or trade in alcoholic beverages, excluding beer and wine;
- (f) Production of or trade in tobacco;
- (g) Gambling, casinos, and equivalent enterprises;
- (h) Production of or trade in radioactive materials, including nuclear reactors and components thereof;
- (i) Production of, trade in, or use of unbonded asbestos fibres;
- (j) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
- (k) Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.



## SCHEDULE 5

### FORM OF SAFEGUARDS AND SOCIAL MONITORING REPORT

#### A. Project/Business Name and Summary Information

- (i) Location of project/business
- (ii) Nature
- (iii) Scale/size
- (iv) Date of construction/operation commencement
- (v) Name, designation and signature of person responsible for preparing/reviewing the report

#### B. Update on the status of the Design/Construction Activities of the Sarulla Geothermal Power Project

- (i) Drilling Activities (exploratory and production wells)
- (ii) Well Pads
- (iii) SIL Geothermal Power Plant
- (iv) NIL Geothermal Power Plant
- (v) Access Road (main and internal)
- (vi) Transmission Line 150kV
- (vii) Workers' accommodation area and working area
- (viii) Laydown areas
- (ix) Borrow areas
- (x) Disposal Area
- (xi) Decommissioning (if applicable)

#### C. Relevant Environmental Permits or Compliance Certificates

- (i) Summary of permit conditions and media(s) covered
- (ii) Issued by which Competent Authority
- (iii) Issuance dates and duration of validity
- (iv) Renewal requirements
- (v) Other standards and/or certificates (e.g. ISO 14000 Environmental Systems and Standards)
- (vi) Key developments and any major changes in location and design, if any
- (vii) Progress of the applicable environmental and social studies during the reporting period
- (viii) Findings of any regulatory inspections and/or audits

#### D. Incidents of Violations or Non-Compliance

- (i) Recorded dates and responsible agencies
- (ii) Nature of non-compliance, including spills of hazardous materials and accidental releases
- (iii) Violation or non-compliance based on what environmental standards and regulations
- (iv) Recorded dates and authorities
- (v) Media, civil society organizations/NGOs, or community reactions (if any)
- (vi) Corrective actions, deadlines, identification of responsible parties (a) short-term: remedial action (b) long-term: preventative measures
- (vii) Status of implementation of Corrective Action Plan (CAP)
- (viii) Incidents with security forces

#### E. Incidents of Environmental, Occupational/Community Health and Safety Accidents

- (i) Incident recorded dates and responsible agencies
- (ii) Scale of damage and injury (if any)
- (iii) Authorities in charge of investigation/recording

- (iv) Media or community reactions (if any)
- (v) Corrective actions, deadlines, identification of responsible parties
  - (a) short-term: remedial action
  - (b) long-term: preventative measures

#### **F. Land Acquisition and Involuntary Resettlement**

- (i) Progress in Implementation of the Resettlement Plan (see also list of indicators in Attachment 1)
  - a) General overview: Summary of successes and challenges
  - b) Status of component activities
    - Entitlements, assistance and benefits
    - Income restoration and rehabilitation
  - c) Information disclosure, consultation, and participation activities
  - d) Progress in implementation resources: Staff, budget, and other resources
  - e) Resettlement-related grievances
- (ii) Progress in Implementation of the SSCAR Corrective Action Plan
- (iii) Progress in the Implementation of External Monitor's Recommendations/Corrective Actions
- (iv) Forward Plan/Next Steps (for the next 6 months)

#### **G. Indigenous Peoples (IPs)**

- (i) Summary of Project Activities and Social Context of the Indigenous Peoples Plan (IPP)
- (ii) Overview of the IPP Implementation
- (iii) Progress in the implementation of the IPP components (see Key Performance Indicators for the IPP in Attachment 2)
  - a) Programs for directly affected IPs
    - Education (scholarships, educational assistance)
    - Agriculture and livelihood restoration (Agriculture training, crop seeds, entrepreneurship skills and financial literacy trainings, etc)
    - Employment (Recruitment of unskilled workers, vocational training of local community, recruitment of semi-skilled workers)
  - b) Programs for the Community
    - Education (Improvement of school facilities)
    - Health (Health awareness program, medical consultation, etc)
    - Infrastructure (Improvement of water sanitation system, improvement of access road to villages, improvement of irrigation areas)
    - Culture (sponsorship of cultural festive, capacity building for clan, etc)
- (iv) Summary of Noncompliance and Corrective Action Plans related to the IPP
- (v) Progress in the Implementation of External Monitor's Recommendations/Corrective Actions
- (vi) Forward Plan/Next Steps for the next 6 months

#### **H. Local Recruitment, Labour Relations and Conditions (see Key Performance Indicators in Attachment 3)**

- (i) Local labour recruitment commitments
  - (a) Project procedures for hiring
  - (b) Requirements on workers recruitment with information on origin of migrant or local workers (NIL, SIL, other areas), position/work occupied, and with sex-disaggregation. (SOL and contractors)
  - (c) Tracking of recruitment of women personnel (SOL and contractors)
- (ii) Nature of labour dispute or grievance, including conflicts between groups
- (iii) Legal requirements, Permit conditions and renewal requirements

- (iv) Authorities in charge of investigation/recording
- (v) Media, civil society organizations/NGOs, or community reactions (if any)
- (vi) Corrective actions, deadlines, identification of responsible parties
- (vii) Labour relations and living conditions for construction labour force

#### **I. Environmental Capacity**

- (i) Staff capacities in environmental management (as relevant) including number and suitability of environmental management personnel
- (ii) Degree of awareness of:
  - (a) environmental management,
  - (b) health and safety,
  - (c) environmental laws and regulations
- (iii) Training conducted, if any, including the number of sessions, topics covered and percentage of workforce trained
- (iv) Needs assessment of environmental management capacity (as relevant)
- (v) Awareness level of LOUC and contractors' field personnel
  - (a) Training conducted on environmental management, health and safety, environmental laws and regulations, emergency response, preventative measures
  - (b) Number of LUOC and contractors' staff trained

#### **J. Social Management Capacity**

- (i) SOL Social team / External Relation Team– number, competence and adequacy of staff who are implementing the IPP and RP
- (ii) Human resources department – number and adequacy of staff to monitor labour and working conditions
- (iii) Training conducted, if any, including the number of sessions, topics covered and percentage of workforce trained
- (iv) Name, designation and signature of person responsible for preparing/reviewing the report

#### **K. Stakeholder Engagement/CSR Activities**

- (i) Details of consultation and participation activities (with gender disaggregated data), including, where applicable, local community, women's issues and concerns, NGOs, cultural and social groups, leaseholders, and other stakeholders, including affected groups
- (ii) Details of approach/methodology on addressing the concerns and issues raised at consultations
- (iii) Describe efforts to promote community relations and local development for people of the project area
  - (a) Community programs in NIL and SIL (if any)
  - (b) Community programs in other communities not directly affected (if any)
  - (c) Business opportunities provided to women and other vulnerable groups (if any)
- (iv) Implementation of grievance mechanism
  - (a) Grievances recorded
  - (b) Types of complaints and status of resolution
  - (c) Effectiveness of grievance mechanism
- (v) Project procedures for acquisition of goods and services

**L. Issues, Status of Implementation of Mitigating Measures in the Environmental Management Plan and Compliance with Environmental Qualities and Standards (national and international, as relevant) and Environmental and Social Requirements**

- (i) Air and Odor
- (ii) Water (surface and ground water)
- (iii) Waste generation and management
  - (a) Wastewater
  - (b) Solid and hazardous waste
- (iv) Soil
- (v) Biodiversity and habitat
- (vi) Noise and vibration
- (vii) Occupational health and safety
  - (a) Training programs carried out
  - (b) Emergency situations and response
- (viii) Community health, safety and security
- (ix) CO2 emissions by the Projects
- (x) Earthquake occurrences/incidences (seismicity)
- (xi) Environmental Management Plan
- (xii) Environmental Monitoring Results and assessments
- (xiii) Findings and recommendations of ISO 14001 and ISO 18001 audit
- (xiv) Problems encountered and action plan for the next reporting period
- (xv) Other information and feedback (please list any information that the Project should be aware of. This may relate to emerging environmental issues or pending or new regulations that could affect environmental performance of the Project and to broader environmental matters such as community initiatives within the Company, positive media, NGO attention, training activities, management or cost savings through process efficiency, environment-friendly processes). Matrix of the Environmental and Social Management Plan (ESMP) should be used to indicate the progress and status of implementation of the ESMP.

## Attachment 1: Project KPIs related to the Resettlement Plan

| Key Performance Indicator (KPI)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| As indicated in the Chapter 13 Monitoring and Reporting (pp 89-90) of the Resettlement Plan, some monitoring indicators that could be examined as a part of the process will include the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |
| <ul style="list-style-type: none"> <li>• No. of vulnerable households and their status</li> <li>• Skill levels in the community especially amongst the affected Project affected families and how it has changed over a period of time</li> <li>• Literacy levels with focus of female and child literacy</li> <li>• Standard of living quantified by asset ownership, quality of house, access to amenities (clean drinking water, sanitation, roads, electricity etc.)</li> <li>• Land ownership/user rights of affected families</li> <li>• Occupation/livelihood profile and changes therein</li> <li>• Influx and out-migration</li> <li>• Work participation rate of male and females</li> <li>• Occupational pattern of the family – number of family members in occupations and nature of that occupation and income generated from it</li> <li>• Average annual income levels of households</li> <li>• Nature of traditional/customary rights used for livelihood generation if any</li> <li>• Total landownership at the family/household level (private, traditional, customary)</li> <li>• Proportion of landless, agricultural labourers, sharecroppers</li> <li>• Type of housing/commercial structure value</li> <li>• Personal access to durable assets and any movable assets</li> <li>• Ownership of livestock</li> <li>• Access to common property resources</li> <li>• Access/arrangement/adequacy of physical infrastructure (road, electricity, drinking water, sanitation, telecommunication, etc.)</li> <li>• Access/arrangement/adequacy of social infrastructure (education, health, credit sources, markets, skill development, play grounds, worship places, etc.)</li> </ul> |  |

## Attachment 2: Project KPIs related to the IPP

| Performance Objective                 | Key Performance Indicator (KPI)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disbursement of compensation payments | <ul style="list-style-type: none"> <li>• Compensation payments disbursed according to number and category of losses set out in the entitlement matrix (women, men, and vulnerable groups)</li> <li>• Identification of the displaced persons losing land temporarily, e.g. soil disposal, borrow pits, contractors' camps (women, men, and vulnerable groups)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Restoration of Livelihoods            | <ul style="list-style-type: none"> <li>• No. of affected persons with replacement agriculture land (women, men, and vulnerable groups)</li> <li>• Quantity of land owned/contracted by affected persons (women, men and vulnerable groups)</li> <li>• No. of households with agricultural equipment (women, men)</li> <li>• No. of households with large/medium/small livestock (women, men)</li> <li>• Number of agricultural plot with access to irrigation(women, men, and vulnerable groups)</li> <li>• No. of affected persons under the rehabilitation programs (women, men, and vulnerable groups)</li> <li>• No. of affected persons who received vocational training (women, men, and vulnerable groups)</li> <li>• Types of training and number of participants in each (women, men)</li> <li>• No. and % of affected persons covered under livelihood programs (women, men, and vulnerable groups)</li> <li>• No. of affected persons who have restored their income and livelihood patterns (women, men, and vulnerable groups)</li> <li>• Extent of participation in vocational training programs (women, men)</li> <li>• Degree of satisfaction with livelihood programs (women, men)</li> <li>• % of successful enterprises breaking even (women, men, vulnerable groups)</li> <li>• % of affected persons who improved their income (women, men, and vulnerable groups)</li> <li>• % of displaced persons who improved their standard of living (women, men, and vulnerable groups)</li> </ul> |

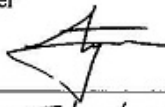
| <i>Performance Objective</i>                     | <i>Key Performance Indicator (KPI)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employment                                       | <ul style="list-style-type: none"> <li>• Preferential employment for working age member of significantly affected land owners family</li> <li>• Recruitment of 30% unskilled workers (women and/or Batak people) during construction stage and 20% semi-skilled workers from the affected area (Pahae Jae &amp; Pahae Julu) and North Tapanuli Regency (NTR)</li> <li>• Priority training of working age member of significantly affected land owners family</li> <li>• Recruitment of semi-skilled workers. Preferential employment for working age member of significantly affected land owners family</li> <li>• 20% skilled workers (e.g. technical/laboratory and administrative/clerical positions) are women and/or Batak people from the project area and NTR</li> </ul> |
| Meaningful consultations                         | <ul style="list-style-type: none"> <li>• How many affected persons know their entitlements?</li> <li>• Number of general meetings (for both men and women)</li> <li>• Percentage of women out of total participants</li> <li>• Number of meetings exclusively with women</li> <li>• Level of participation in meetings of women, men, and vulnerable groups (specify if high, medium, low)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                            |
| Grievance redress for project-related complaints | <ul style="list-style-type: none"> <li>• Have any displaced persons used the grievance redress procedure? What were the outcomes? (women, men)</li> <li>• Have grievances been resolved? (women, men)</li> <li>• What are the subjects of the grievances? (women, men)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Institutional Arrangements                       | <ul style="list-style-type: none"> <li>• Have all land acquisition and resettlement staff been appointed and mobilized on schedule for the field and office work? (women, men)</li> <li>• Have capacity building and training activities been completed on schedule? (women, men)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Benefit monitoring                               | <ul style="list-style-type: none"> <li>• Changes in patterns of occupation, production, and resource use compared to pre-project situation (women, men)</li> <li>• Changes in income and expenditure patterns compared to pre project situation (women, men)</li> <li>• Changes in cost of living compared to pre-project situation (women, men)</li> <li>• Have displaced persons' incomes kept pace with the change? (women, men)</li> </ul>                                                                                                                                                                                                                                                                                                                                   |

### Attachment 3: Project KPIs related to the Social Aspects of the ESMP

| Performance Objective                                                          | Key Performance Indicator (KPI)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ensure the compliance on labour standard                                       | <ul style="list-style-type: none"> <li>• Contractor contract review</li> <li>• Contractor records on workers diversity: number of workers by job responsibility (management, skilled labour, unskilled labour), age, gender and ethnicity, locality</li> <li>• Training records (records to show sex-disaggregated data)</li> <li>• Maintenance of complaints log</li> <li>• Percentage of staff trained according to the training plan (records to show sex-disaggregated data)</li> <li>• Percentage of staff performing work for which they are not trained or verified as competent (records to show sex-disaggregated data)</li> <li>• Percentage of staff trained according to the training plan</li> <li>• Percentage of staff performing work for which they are not trained or verified as competent</li> <li>• Zero incidence of forced labour and child labour on site</li> <li>• Sex-disaggregated data on SOL and Contractors records of salaries and benefits provided to staff/workers</li> </ul> |
| Maintain the project overall goal of zero social impact                        | <ul style="list-style-type: none"> <li>• Number social incidents reported</li> <li>• Number of community complaints reported</li> <li>• Maintenance of complaints log</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Maintain compliance with workplace inspection, observation and audit schedules | <p>Prepare a labour In-migration Management Plan to cover the following issues:</p> <ul style="list-style-type: none"> <li>• avoid or minimize transmission of communicable diseases associated;</li> <li>• protocols for migrant workers interaction with local communities;</li> <li>• camp habitation management;</li> <li>• Pre-employment medical exams or health screening;</li> <li>• Percentage of daily inspections completed;</li> <li>• Percentage of audits completed; and</li> <li>• Maintenance of complaints log.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

SIGNATORIES

KYUDEN SARULLA PTE. LTD.  
as Borrower

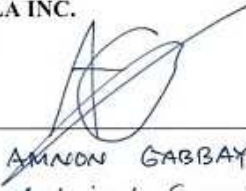
By: 

Name : Takashi Tajiri  
Title : Director



---

**ORSARULLA INC.**  
as Borrower

By:  \_\_\_\_\_

Name : AMNON GABBAY

Title : Authorised Signatory

---

**PT MEDCO GEOPOWER SARULLA**  
as Borrower

By:   
Name : NOOR WAHYU HIDAYAT  
Title : DIRECTOR

---

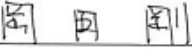
SARULLA OPERATIONS LTD  
as Borrower

By: 

Name : Takao Shinohara

Title : Authorised Signatory

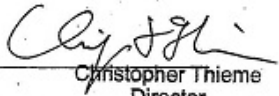
**SARULLA POWER ASSET LIMITED**  
as Borrower

By: 

Name : Tsuyoshi Okada

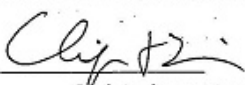
Title : Director

ASIAN DEVELOPMENT BANK, in its individual  
capacity

By:   
Name : Christopher Thieme  
Title : Director  
Infrastructure Finance Division 2



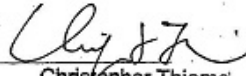
ASIAN DEVELOPMENT BANK, not in its  
individual capacity but solely in its capacity as an  
implementing entity of the Clean Technology Fund

By: 

Name : Christopher Thieme  
Director  
Title : Infrastructure Finance Division 2

ASIAN DEVELOPMENT BANK, not in its individual capacity but solely in its capacity as an implementing entity of the Canadian Climate Fund for the Private Sector in Asia under the Clean Energy Financing Partnership Facility (established by the Government of Canada).

By: \_\_\_\_\_



Name :

Christopher Thieme  
Director

Title :

Infrastructure Finance Division 2

**Dated 28 March 2014**

**ORMAT INTERNATIONAL, INC.**  
as the Ormat Sponsor

**ORMAT HOLDING CORP.**  
as the Ormat HoldCo

**ORPOWER 11 INC.**  
as the Ormat Shareholder

**ORSARULLA INC.**  
as the Ormat Borrower Entity

**SARULLA OPERATIONS LTD**  
as the Operator

**MIZUHO BANK, LTD.**  
as the Intercreditor Agent

and

**MIZUHO BANK (USA)**  
as the Offshore Security Agent

---

**ORMAT EQUITY SUPPORT DEED**

relating to the

**SARULLA GEOTHERMAL POWER PROJECT**

---

**LATHAM & WATKINS** LLP

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619  
(65) 6536 1161 (Tel)  
(65) 6536 1171 (Fax)  
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**THIS ORMAT EQUITY SUPPORT DEED** (this “ **Deed** ”) is dated 28 March 2014 and is made as a deed between:

- (1) **ORMAT INTERNATIONAL, INC.** , a company incorporated under the laws of the State of Delaware whose registered head office is at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, State of Delaware 19801 (the “ **Ormat Sponsor** ”);
- (2) **ORMAT HOLDING CORP.** , an exempted company with limited liability incorporated in the Cayman Islands with registered number MC-63118 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Ormat HoldCo** ”);
- (3) **ORPOWER 11 INC.** , an exempted company with limited liability incorporated in the Cayman Islands with registered number MC-74257 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Ormat Shareholder** ”);
- (4) **ORSARULLA INC.** , an exempted company with limited liability incorporated in the Cayman Islands with registered number MC-186158 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Ormat Borrower Entity** ”);
- (5) **SARULLA OPERATIONS LTD** , an exempted company with limited liability incorporated in the Cayman Islands with registered number MC-196738 and its registered office at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the “ **Operator** ”);
- (6) **MIZUHO BANK, LTD.** , as intercreditor agent for the Senior Secured Parties (in such capacity, the “ **Intercreditor Agent** ”); and
- (7) **MIZUHO BANK (USA)** , as offshore security agent for the Senior Secured Parties (in such capacity, the “ **Offshore Security Agent** ”).

#### **BACKGROUND**

- (A) The Senior Lenders have made available certain credit facilities to the Borrower on and subject to the terms and conditions of certain of the Senior Finance Documents in order to assist the Borrower to implement the Project.
- (B) The Hedging Banks have entered or will enter into certain hedging arrangements with the Borrower on and subject to the terms and conditions of certain of the Senior Finance Documents in order to assist the Borrower to implement the Project.
- (C) As a condition precedent to the credit facilities and hedging arrangements being made available to the Borrower pursuant to the Senior Finance Documents, the Senior Secured Parties require the Ormat Equity Parties and the Operator, and the Ormat Equity Parties and the Operator have agreed, to enter into this Deed.

**IT IS AGREED** as follows:

#### **1. DEFINITIONS AND INTERPRETATION**

##### **1.1 Definitions**

Unless the context requires otherwise or unless otherwise defined in this Deed, the following terms have the following meanings:

|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“ Acceptable Equity Contribution LC ”</b>                   | means a standby letter of credit issued as contemplated in this Deed and which satisfies the requirements of Clause 6.2 ( <i>Acceptable Equity Contribution LC Requirements</i> ).                                                                                                                                                                                                                    |
| <b>“ Affected Letter of Credit ”</b>                           | has the meaning given in Clause 6.5 ( <i>Requirement to maintain Acceptable Letters of Credit</i> ) .                                                                                                                                                                                                                                                                                                 |
| <b>“ Base Equity Commitment ”</b>                              | means USD44,974,150, which comprises the Core Base Equity Commitment and the Top-Up Base Equity Commitment.                                                                                                                                                                                                                                                                                           |
| <b>“Base Equity Commitment Cash Collateral Account ”</b>       | has the meaning given to it in Clause 6.6 ( <i>Cash Collateral</i> ).                                                                                                                                                                                                                                                                                                                                 |
| <b>“Base Equity Contribution”</b>                              | means an Equity Contribution made or required to be made (as the context requires) pursuant to Clause 2.2 ( <i>Core Base Equity Commitment</i> ), Clause 2.3 ( <i>Top-Up Base Equity Commitment</i> ), Clause 2.4 ( <i>Required Base Equity Contributions</i> ) or (to the extent payable in respect of the Unutilised Base Equity Commitment at any time) Clause 4.1 ( <i>Right to accelerate</i> ). |
| <b>“ Common Terms Agreement ”</b>                              | means the common terms agreement dated on or about the date of this Deed between, among others, Kyuden Sarulla Pte. Ltd., OrSarulla Inc., PT Medco Geopower Sarulla, Sarulla Power Asset Limited and Sarulla Operations Ltd as the Borrower, the Intercreditor Agent and the Offshore Security Agent.                                                                                                 |
| <b>“ Contingent Equity Commitment ”</b>                        | means USD11,935,650.                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Contingent Equity Commitment Cash Collateral Account ”</b> | has the meaning given to it in Clause 6.6 ( <i>Cash Collateral</i> ).                                                                                                                                                                                                                                                                                                                                 |
| <b>“Contingent Equity Contribution”</b>                        | means an Equity Contribution made or required to be made pursuant to Clause 3.2 ( <i>Funding Shortfall</i> ) or (to the extent payable in respect of the Unutilised Contingent Equity Commitment) Clause 4.1 ( <i>Right to accelerate</i> ).                                                                                                                                                          |
| <b>“ Contractual Currency ”</b>                                | has the meaning assigned to such term in Clause 22.1 ( <i>Currency indemnity</i> ).                                                                                                                                                                                                                                                                                                                   |
| <b>“Core Base Equity Commitment”</b>                           | means USD43,794,324, which comprises part of the Base Equity Commitment.                                                                                                                                                                                                                                                                                                                              |
| <b>“ Dispute ”</b>                                             | has the meaning given to it in Clause 32.1(a) ( <i>Disputes</i> ).                                                                                                                                                                                                                                                                                                                                    |
| <b>“Eligible Sponsor”</b>                                      | means that the Ormat Sponsor has a long term unsecured debt credit rating of at least A- by Standard & Poor’s or at least A3 by Moody’s.                                                                                                                                                                                                                                                              |
| <b>“ Equity Acceleration Notice ”</b>                          | means a notice substantially in the form of Schedule 2 ( <i>Form of Equity Acceleration Notice</i> ).                                                                                                                                                                                                                                                                                                 |

**“Equity Contribution”**

means:

- (a) a payment for the issuance of fully-paid share capital in the Ormat Borrower Entity or the Operator by the Ormat Shareholder; or
- (b) the principal amount of all Subordinated Shareholder Loans (excluding capitalised interest) to the Ormat Borrower by the Ormat Shareholder.

**“Existing Arbitration”**

has the meaning given to it in Clause 32.6 ( *Consolidation* ).

**“First Tribunal”**

has the meaning given to it in Clause 32.6 ( *Consolidation* ).

**“Funding Shortfall”**

means, at any time, that there is a Funding Shortfall Amount greater than zero at that time.

**“Funding Shortfall Amount”**

means, at any time, an amount equal to the sum of:

- (a) the aggregate of:
  - (i) the amount of Project Costs due and payable at that time; and
  - (ii) all Senior Secured Liabilities (excluding Financing Costs which constitute Project Costs) which are due and payable but unpaid at that time;

minus:

- (b) the Available Funding at that time, but excluding for this purpose the undrawn and uncanceled Total Commitment if and to the extent that such Total Commitment is not available to be drawn in accordance with the provisions of the Senior Finance Documents at that time due to any failure or inability of the Borrower to satisfy any of the conditions specified in Clause 3 ( *Conditions Precedent* ) of the Common Terms Agreement.

**“Interim Measures”**

has the meaning given to it in Clause 32.4(a) ( *Interim Measures* ).

**“ O&M Changeover Date ”**

means:

- (a) the date that is two (2) years after the Lenders’ Completion Date if, at that date, the NAES Technical Support Agreement and the WestJEC Technical Support Agreement remain in full force and effect following such date on terms and conditions (including the term of each agreement) approved by the Intercreditor Agent; or
- (b) the date on which the requirements set out in Clause 21.24(b) ( *Operation and Maintenance* ) of the Common Terms Agreement have been satisfied; provided that such date shall not be earlier than the date that is two (2) years after the Lenders’ Completion Date.

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“ Ormat Equity Party ”</b>              | means: <ul style="list-style-type: none"> <li>(a) the Ormat Sponsor;</li> <li>(b) the Ormat HoldCo; and</li> <li>(c) the Ormat Shareholder</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Party”</b>                             | means a person party to this Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“ Permitted Payments ”</b>              | means a payment or distribution by the Ormat Borrower Entity or the Operator to any Ormat Equity Party which is expressly permitted under Clause 12 ( <i>Permitted Payments</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Presiding Arbitrator”</b>              | has the meaning given to it in Clause 32.2(b) ( <i>Arbitrators</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“ Recipient ”</b>                       | has the meaning given to it in Clause 22 ( <i>Currency Indemnity</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Related Agreement”</b>                 | has the meaning given to it in Clause 32.6 ( <i>Consolidation</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Relevant Equity Interests”</b>         | has the meaning given to it in Clause 8.1(a) ( <i>General</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Relevant Subordinated Liabilities”</b> | has the meaning given to it in Clause 8.1(b) ( <i>General</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“ Relevant Percentage Share ”</b>       | means twelve point seventy five per cent. (12.75%).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“ Restricted Party ”</b>                | means any person that is: <ul style="list-style-type: none"> <li>(a) listed on, or owned or controlled by a person listed on, a Sanctions List;</li> <li>(b) a government of a Sanctioned Country;</li> <li>(c) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country;</li> <li>(d) resident or located in, operating from, or incorporated under the laws of, a Sanctioned Country; or</li> <li>(e) to the best knowledge of the relevant Ormat Equity Party (acting with due care and enquiry), otherwise a target of Sanctions.</li> </ul> |
| <b>“Rules”</b>                             | has the meaning given to it in Clause 32.1(a) ( <i>Disputes</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Secured Property”</b>                  | means all rights, interests and other assets of any Ormat Equity Party which are secured by any Transaction Security.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Subordinated Creditor”</b>             | means: <ul style="list-style-type: none"> <li>(a) each Ormat Equity Party; and</li> <li>(b) each Affiliate (other than a Borrower Entity) of each of the foregoing persons.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                    |



**“ Subordinated Documents ”**

means:

- (a) each Equity Document; and
- (b) each Project Document and each other document,

in each case to which any Subordinated Creditor and the Ormat Borrower Entity or any other Borrower Entity is party.

means all present and future sums, obligations and liabilities whatsoever (actual or contingent, joint or several or joint and several) payable, owing, due or incurred by the Ormat Borrower Entity or the Operator to a Subordinated Creditor, whether by contract (including under or in connection with the Subordinated Documents or otherwise), at law or in equity, whether or not matured and whether or not liquidated (including without limitation any right of subrogation), together with:

**“ Subordinated Liabilities ”**

- (a) any permitted novation, transfer, deferral or extension of any of those liabilities;
- (b) any further advances which may be made by a Subordinated Creditor to the Ormat Borrower Entity or the Operator under any agreement expressed to be supplemental to any Subordinated Document plus all interest, fees and costs in connection therewith;
- (c) any claim for damages or restitution by a Subordinated Creditor against the Ormat Borrower Entity or the Operator in the event of rescission of any of those liabilities or otherwise in connection with the Subordinated Documents;
- (d) any claim against the Ormat Borrower Entity or the Operator flowing from any recovery by the Ormat Borrower Entity or the Operator of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above following any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

**“ Subordinated Shareholder Loan ”**

means any amount advanced or lent or deemed to be advanced or lent pursuant to the Subordinated Shareholder Loan Agreement by the Ormat Shareholder to the Ormat Borrower Entity or, as the context may require, the principal amount of each such advance or loan outstanding from time-to-time.

**“Subordinated Shareholder Loan Agreement”** means the subordinated shareholder loan agreement entered or to be entered into between the Ormat Shareholder and the Ormat Borrower Entity, delivered to and approved by the Intercreditor Agent pursuant to Clause 3.1 ( *Conditions Precedent to Delivery of First Drawdown Notice* ) of the Common Terms Agreement.

**“Subordinated Shareholder Loan Assignment Agreement”** means the subordinated shareholder loan assignment agreement entered or to be entered into by the Ormat Shareholder and the Offshore Security Agent with respect to Subordinated Shareholder Loans, delivered to and approved by the Intercreditor Agent pursuant to Clause 3.1 ( *Conditions Precedent to Delivery of First Drawdown Notice* ) of the Common Terms Agreement.

**“Top-Up Base Equity Commitment ”** means USD1,179,826, which comprises part of the Base Equity Commitment.

**“Transfer ”** has the meaning given to it in Clause 8.1 ( *General* ).

**“Unutilised Base Equity Commitment”** means, at any time, the sum of:

- (a) the Base Equity Commitment; minus
  - (b) the aggregate of all Base Equity Contributions made or which are required to be made,
- in each case, at that time.

**“Unutilised Contingent Equity Commitment”** means, at any time, the sum of:

- (a) the Contingent Equity Commitment; minus
- (b) the aggregate of all Contingent Equity Contributions made or which are required to be made,

in each case, at that time.

## 1.2 Construction

- (a) Terms defined, or incorporated by reference in, the Common Terms Agreement or the Accounts Agreement have the same meaning when used in this Deed unless otherwise defined in this Deed or the context otherwise requires.
- (b) The provisions of Clause 1.2 ( *Construction* ), Clause 1.3 ( *Successors and Assigns* ) and Clause 1.4 ( *Miscellaneous* ) (except for Clause 1.4(f) ( *Calculations* )) of the Common Terms Agreement are hereby incorporated into this Deed *mutatis mutandis* , except that references therein to “this Agreement” shall be deemed to be references to this Deed.

## 1.3 Effect as a Deed

This Deed shall take effect as a deed notwithstanding that it may not have been executed as a deed by one or more Parties.

#### 1.4 Subordinated Documents

Nothing in the Subordinated Documents shall prejudice or limit the rights, powers or benefits of the Senior Secured Parties or any of them under this Deed and in the event of any conflict between the terms of the Subordinated Documents and the terms of this Deed, the terms of this Deed shall prevail.

#### 1.5 Third Party Rights

Unless expressly provided to the contrary in this Deed, a person who is not a Party may not enforce any of its terms under the Contract (Right of Third Parties) Act 1999. Notwithstanding any term of this Deed, no consent of any third party is required for any amendment.

#### 1.6 Acknowledgement

Each Equity Party acknowledges and agrees that:

- (a) the Senior Secured Parties have entered into or will enter into the Senior Finance Documents to which any Equity Party is a party in reliance on it entering into and becoming bound by the provisions of this Deed; and
- (b) its obligations under this Deed shall become effective on and from the date on which this Deed is executed by it, notwithstanding that the First Drawdown Date may or may not occur.

### 2. BASE EQUITY CONTRIBUTIONS

#### 2.1 Base Equity Commitment

The Ormat Sponsor shall ensure that the Ormat Shareholder makes Base Equity Contributions in an aggregate amount not exceeding the Base Equity Commitment at the times, in the manner and in the amounts specified in this Deed.

#### 2.2 Core Base Equity Commitment

- (a) Subject to paragraph (b) below, the Ormat Sponsor shall ensure that the Ormat Shareholder makes Base Equity Contributions in an amount equal to the Relevant Percentage Share of such amount of Equity as is necessary to enable the Borrower to fund Project Costs as and when they fall due for payment.
- (b) No Base Equity Contribution shall be required to be made pursuant to paragraph (a) above:
  - (i) unless and until the Total Commitment has been fully utilised up to the Senior Debt Provisional Limit; or
  - (ii) if and to the extent that the making of such Base Equity Contribution would result in the aggregate amount of Base Equity Contributions made pursuant to paragraph (a) above exceeding the Core Base Equity Commitment.

#### 2.3 Top-Up Base Equity Commitment

- (a) Subject to paragraph (b) below, the Ormat Sponsor shall ensure that, not less than six (6) Business Days prior to each Drawdown Date on which a Top-Up Advance is to be made, the Ormat Shareholder makes one or more Base Equity Contributions in an aggregate amount equal to the Relevant Percentage Share of such amount of Equity as is necessary to ensure that, on the date of that Drawdown Notice and the date on which the Top-Up Advance contemplated by the Drawdown Notice is required to be made under the Senior Finance Documents, the Borrower will satisfy the condition specified in Clause 3.4(b) ( *Top-Up Advances* ) of the Common Terms Agreement.

- (b) No Base Equity Contribution shall be required to be made pursuant to paragraph (a) above:
  - (i) unless and until all Contingent Equity Contributions have been made or are required to have been made pursuant to Clause 3.2 ( *Funding Shortfall* ); or
  - (ii) if and to the extent that the making of such Base Equity Contribution would result in the aggregate amount of Base Equity Contributions made pursuant to paragraph (a) above exceeding the Top-Up Base Equity Commitment.

#### 2.4 Required Base Equity Contributions

- (a) If, at any time on or before the Lenders' Completion Date:
  - (i) the Borrower is unable to fund, or is reasonably likely to be unable to fund, the payment of any Project Costs which are due and payable from the following sources of funds:
    - (A) the amounts standing to the credit of the Construction and Supply Accounts and the Onshore Disbursement Account; or
    - (B) the undrawn and uncanceled Total Commitment, but excluding for this purpose the undrawn and uncanceled Total Commitment if and to the extent that such Total Commitment is not available to be drawn at that time in accordance with the provisions of the Senior Finance Documents due to any failure or inability of the Borrower to satisfy any of the conditions specified in Clause 3 ( *Conditions Precedent* ) of the Common Terms Agreement; and
  - (ii) there is any Unutilised Base Equity Commitment as at that date,
- then:
  - (A) the Operator must, not later than three (3) Business Days after that date, deliver to all Sponsors a notice specifying the amount of the shortfall; or
  - (B) if the Operator fails to deliver a notice in accordance with paragraph (A) above, the Intercreditor Agent may deliver such notice (provided that a failure by the Intercreditor Agent to deliver a notice to any Sponsor other than the Ormat Sponsor will not affect the Ormat Sponsor's obligations under this Clause 2.4).
- (b) The Ormat Sponsor shall ensure that the Ormat Shareholder makes, not later than seven (7) Business Days after a notice is delivered to it under paragraph (a) above, one or more Base Equity Contributions in an aggregate amount equal to the lesser of:
  - (i) the Relevant Percentage Share of the shortfall amount specified in the notice delivered under paragraph (a) above; and
  - (ii) the Unutilised Base Equity Commitment at the time the Base Equity Contributions are required to be made under this paragraph (b).

### **3. CONTINGENT EQUITY CONTRIBUTIONS**

#### **3.1 Contingent Equity Commitment**

The Ormat Sponsor shall ensure that the Ormat Shareholder makes Contingent Equity Contributions in an aggregate amount not exceeding the Contingent Equity Commitment at the times, in the manner and in the amounts specified in this Deed.

#### **3.2 Funding Shortfall**

- (a) If, at any time on or before the Lenders' Completion Date:
  - (i) there is a Funding Shortfall;
  - (ii) the Core Base Equity Commitment has been fully utilised in accordance with the provisions of this Deed; and
  - (iii) at the time of such Funding Shortfall there is any Unutilised Contingent Equity Commitment,then:
  - (A) the Operator must, promptly after it becomes aware that the Funding Shortfall has occurred and in any event not later than three (3) Business Days after the Funding Shortfall occurs, deliver to all Sponsors a notice specifying that a Funding Shortfall has occurred and the relevant Funding Shortfall Amount; or
  - (B) if the Operator fails to deliver a notice in accordance with paragraph (A) above, the Intercreditor Agent may deliver such notice (provided that a failure by the Intercreditor Agent to deliver a notice to any Sponsor other than the Ormat Sponsor will not affect the Ormat Sponsor's obligations under this Clause 3.2).
- (b) The Ormat Sponsor shall ensure that the Ormat Shareholder makes, not later than seven (7) Business Days after a notice is delivered to it under paragraph (a) above, one or more Contingent Equity Contributions in an aggregate amount equal to the lesser of:
  - (i) the Relevant Percentage Share of the Funding Shortfall Amount specified in the notice delivered under paragraph (a) above; and
  - (ii) the Unutilised Contingent Equity Commitment at the time the Contingent Equity Contributions are required to be made under this paragraph (b).

### **4. ACCELERATION OF EQUITY COMMITMENTS**

#### **4.1 Right to accelerate**

- (a) If, at any time prior to the Lenders' Completion Date, an Event of Default subsists, then the Intercreditor Agent may deliver an Equity Acceleration Notice to the Ormat Borrower Entity and the Ormat Sponsor requiring the Ormat Sponsor to pay, or procure the payment of, an amount equal to the Unutilised Base Equity Commitment, calculated as at the date of the Equity Acceleration Notice.
- (b) If:

- (i) the Intercreditor Agent exercises any Remedies pursuant to which all Senior Loans are declared prematurely due and payable; or
- (ii) a Hedging Counterparty exercises its rights pursuant to Clause 5.2(a)(i)(E) ( *Hedging Counterparty Restrictions* ) of the Intercreditor Deed, and the Intercreditor Agent is instructed pursuant to the Intercreditor Deed to take the following action,

then the Intercreditor Agent may deliver an Equity Acceleration Notice to the Ormat Borrower Entity and the Ormat Sponsor requiring the Ormat Sponsor to pay, or procure the payment of, an amount equal to the Unutilised Contingent Equity Commitment, calculated as at the date of the Equity Acceleration Notice.

- (c) If the Debt to Equity Ratio at the Lenders' Completion Date exceeds the Maximum Debt to Equity Ratio, then the Intercreditor Agent may deliver an Equity Acceleration Notice to the Ormat Borrower Entity and the Ormat Sponsor requiring the Ormat Sponsor to pay, or procure the payment of, by the time required under Clause 5.3(d)(ii) ( *Debt to Equity Ratio* ) of the Common Terms Agreement, an amount equal to the lesser of:
  - (i) the Relevant Percentage Share of the Mandatory Debt to Equity Ratio Prepayment Amount; and
  - (ii) the sum of the Unutilised Base Equity Commitment and the Unutilised Contingent Equity Commitment, calculated as at the date of the Equity Acceleration Notice.

#### 4.2 **Timing of payment**

In the case of Clause 4.1(a) ( *Right to accelerate* ), within seven (7) Business Days after delivery of an Equity Acceleration Notice in accordance with Clause 4.1 ( *Right to accelerate* ), or, in the case of Clause 4.1(c) ( *Right to accelerate* ), by the time required under Clause 5.3(d)(ii) ( *Debt to Equity Ratio* ) of the Common Terms Agreement, the Ormat Sponsor shall pay, or cause to be paid, by way of any Ormat Shareholder making one or more Equity Contributions or otherwise, an amount equal to the Unutilised Base Equity Commitment (in the case of an Equity Acceleration Notice delivered pursuant to Clause 4.1(a) ( *Right to accelerate* )) or the Unutilised Contingent Equity Commitment (in the case of an Equity Acceleration Notice delivered pursuant to Clause 4.1(b) ( *Right to accelerate* )) or the amount it is required to pay pursuant to Clause 4.1(c) ( *Right to accelerate* ) (in the case of an Equity Acceleration Notice delivered pursuant to Clause 4.1(c) ( *Right to accelerate* )), in each case calculated as at the date of the Equity Acceleration Notice, and in accordance with Clause 5.3(b) ( *Payment of Equity Contributions* ).

#### 4.3 **Acknowledgement**

Without limiting any other provision in this Deed, the Parties acknowledge and agree that all amounts paid by the Ormat Sponsor or which the Ormat Sponsor has procured the payment of, in each case pursuant to this Clause 4, may be applied by the Offshore Security Agent or the Intercreditor Agent in or towards payment of Project Costs or unpaid Senior Secured Liabilities (or both), as determined by the Offshore Security Agent or the Intercreditor Agent.

## 5. MANNER OF EFFECTING EQUITY CONTRIBUTIONS

### 5.1 Acceptance of Equity Contributions

The Ormat Borrower Entity agrees with the Intercreditor Agent and the Offshore Security Agent that it consents to the receipt of, and accepts, each Equity Contribution made to it in accordance with the provisions of this Deed.

### 5.2 Share capital subscription requirements

If any Equity Contribution is made by way of subscription for share capital in the Ormat Borrower Entity, the Ormat Borrower Entity shall issue fully-paid share capital, and the Ormat Shareholder shall subscribe and pay in full in cash for such share capital, such that the amount paid to the Ormat Borrower Entity by the Ormat Shareholders for such share capital is in an amount equal to the amount of the Equity Contribution required to be made.

### 5.3 Payment of Equity Contributions

- (a) All monies payable in respect of any Equity Contribution required to be made under Clauses 2.2 ( *Core Base Equity Commitment* ), 2.3 ( *Top-Up Base Equity Commitment* ), 2.4 ( *Required Base Equity Contributions* ) or 3.2 ( *Funding Shortfall* ) shall be paid:
  - (i) in the case of an Equity Contribution in the form of a Subordinated Shareholder Loan, to the Onshore Disbursement Account; or
  - (ii) in the case of an Equity Contribution otherwise than in the form of a Subordinated Shareholder Loan, to the Offshore Construction and Supply Account,in each case for application in accordance with the applicable provisions of the Accounts Agreement.
- (b) All monies payable in respect of any Equity Contribution required to be made under Clause 4 ( *Acceleration of Equity Commitments* ) shall be paid:
  - (i) in the case of an Equity Contribution in the form of a Subordinated Shareholder Loan, to:
    - (A) subject to paragraph (B) below, the Onshore Disbursement Account; or
    - (B) if otherwise required by the Intercreditor Agent or after all amounts outstanding under the Senior Finance Documents have been accelerated pursuant to Clause 21.27(a) ( *Remedies* ) of the Common Terms Agreement, such other account as notified to the Ormat Sponsor by the Offshore Security Agent or the Intercreditor Agent; or
  - (ii) in the case of an Equity Contribution otherwise than in the form of a Subordinated Shareholder Loan, to:
    - (A) subject to paragraph (B) below, the Offshore Construction and Supply Account; or
    - (B) if otherwise required by the Intercreditor Agent or after all amounts outstanding under the Senior Finance Documents have been accelerated pursuant to Clause 21.27(a) ( *Remedies* ) of the Common Terms Agreement, such other account as notified to the Ormat Sponsor by the Intercreditor Agent.

#### 5.4 **Necessary actions**

Each Ormat Equity Party shall, and shall procure that the Ormat Borrower Entity shall, do all such things and take all actions (including the issuance of share capital and obtaining all board, shareholder and other corporate authorisations and all Governmental Authorisations, the updating of the register of members of the relevant Borrower Entity and (if relevant) the issuance of one or more share certificates in respect of the issued shares) as may be necessary to ensure that all Equity Contributions to be made to the Ormat Borrower Entity are made in the manner, at the times and in the amounts required pursuant to this Deed. The failure of any Ormat Equity Party or the Ormat Borrower Entity to do any such thing or take any such action shall not relieve any Ormat Equity Party or the Ormat Borrower Entity from its obligations under this Deed.

#### 5.5 **No release of obligations**

Except to the extent expressly provided otherwise in this Deed and subject to any transfers permitted under Clause 8 ( *Ownership Restrictions* ), each Ormat Equity Party shall remain liable for its obligations under this Deed in all circumstances, including whether or not it has ceased to own (directly or indirectly) any share capital in the Ormat Borrower Entity or the Operator, or whether any Security Interest has been created, subsists or has been enforced over any of its share capital in the Ormat Borrower Entity or the Operator .

#### 5.6 **Unconditional obligation to pay**

- (a) If, for any reason whatsoever (including any insolvency proceedings with respect to any Ormat Equity Party, the Ormat Borrower Entity, the Operator or any other person, or the unenforceability of any obligations under this Deed or the Senior Finance Documents or the fact that monies cannot be paid pursuant to this Deed), any Ormat Equity Party is not able to make or procure the making of an Equity Contribution to the Ormat Borrower or otherwise as contemplated by this Deed, including subscribing and paying for any share capital in any person or advancing any Subordinated Shareholder Loan, the Ormat Sponsor shall, nevertheless, pay to the Intercreditor Agent (to such account and in such manner as the Intercreditor Agent may notify to the Ormat Sponsor) the amount of that payment for application towards payment of the relevant Equity Contribution in accordance with this Deed.
- (b) If the Ormat Sponsor makes a payment under paragraph (a) above:
  - (i) the payment will:
    - (A) be treated as being an Equity Contribution made pursuant to the provisions of this Deed, which, but for the circumstances specified in paragraph (a) above, would have applied; and
    - (B) will discharge the Ormat Sponsor's obligations to make the relevant Equity Contribution in an amount equal to the amount of the payment; and
  - (ii) the Ormat Borrower Entity will be liable to the Ormat Sponsor for the amount of the payment as if the amount constituted a Subordinated Shareholder Loan pursuant to the Subordinated Shareholder Loan Agreement.



- (c) The obligations of each Ormat Equity Party and the Ormat Borrower Entity to make Equity Contributions pursuant to this Deed will not be affected by any act, omission, matter or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Deed (whether or not known to it or a Senior Secured Party), including:
- (i) any time or waiver granted to, or composition with, any person;
  - (ii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take-up or enforce any rights against, or security over the assets of any person whatsoever or any non-presentation or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any other security;
  - (iii) any incapacity or lack of powers, authority or legal personality of or dissolution or change in the members or status of any person;
  - (iv) any variation (however fundamental) or replacement of a Senior Finance Document or any other document or security so that references to the Senior Finance Documents in this Deed shall include each variation or replacement;
  - (v) any unenforceability, illegality or invalidity of any obligations of any person under any Senior Finance Document, or any other document or security, to the intent that each Ormat Equity Party's and the Ormat Borrower Entity's obligations under this Deed shall remain in full force, and this Deed shall be construed accordingly, as if there were no such unenforceability, illegality or invalidity; or
  - (vi) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any person under the Senior Finance Documents resulting from any insolvency proceeding or from any law, regulation or order so that each such obligation shall for the purposes of each Ormat Equity Party's and the Ormat Borrower Entity's obligations under this Deed be construed as if there were no such circumstance.

#### 5.7 **Utilisation of Equity Commitments**

- (a) Subject to paragraph (b) below, Equity Contributions made pursuant to this Deed and in respect of the Core Base Equity Commitment, the Top-Up Base Equity Commitment or the Contingent Equity Commitment (as the case may be) and which are applied in or towards the payment of Project Costs shall constitute a utilisation of, or drawing under, the Core Base Equity Commitment, the Top-Up Base Equity Commitment or the Contingent Equity Commitment, as applicable.
- (b) The Parties acknowledge and agree that no Equity Contributions that have been made, or any other amounts paid, by or for the account or on behalf of any Ormat Equity Party, whether in respect of the payment or reimbursement of Project Costs (or any other amounts in connection with the Project) or any investment in or other payments in connection with the Project, in each case at any time on or before the First Drawdown Date, shall reduce the Base Equity Commitment or the Contingent Equity Commitment, except, with respect to the Core Base Equity Commitment only, if the Intercreditor Agent has approved the amount of such reduction in writing on or before the date of delivery of the First Drawdown Notices, then the Core Base Equity Commitment shall be deemed to have been reduced by the amount of such reduction.

## 5.8 Minimum share capital requirement

The Ormat Sponsor shall ensure that, at all times on and after the First Drawdown Date, an amount of not less than fifty per cent. (50%) of Equity Contributions actually made shall have been contributed and maintained in the form of paid-in share capital of the Ormat Borrower Entity and/or the Operator .

## 6. ACCEPTABLE LETTERS OF CREDIT

### 6.1 Establishment of Acceptable Letters of Credit

- (a) The Ormat Sponsor confirms that:
  - (i) as at the Signing Date, it is not an Eligible Sponsor; and
  - (ii) due to it not being an Eligible Sponsor as at the Signing Date, it has procured that:
    - (A) one (1) Acceptable Equity Contribution LCs have been issued not later than the Signing Date, in an aggregate amount not less than the Unutilised Base Equity Commitment as at the Signing Date; and
    - (B) one (1) Acceptable Equity Contribution LCs have been issued not later than the Signing Date, in an aggregate amount not less than the Unutilised Contingent Equity Commitment as at the Signing Date.
- (b) If, at any time prior to the Lenders' Completion Date, the Ormat Sponsor becomes an Eligible Sponsor, the Ormat Sponsor may, by delivering written notice to the Intercreditor Agent attaching evidence that it is an Eligible Sponsor, require the Intercreditor Agent to return to it all Acceptable Equity Contribution LCs delivered to it pursuant to this Deed.
- (c) At any time not more than three (3) Acceptable Equity Contribution LCs may be put in place with respect to each of the Unutilised Base Equity Commitment and the Unutilised Contingent Equity Commitment.
- (d) The Ormat Sponsor may, as an alternative to performing its obligations under paragraph (a)(ii) above, elect to comply with the following provisions (and evidence of such election shall be compliance by the Ormat Sponsor with subparagraph (i) below), in which case:
  - (i) the Ormat Sponsor shall, not later than 11.00 am (Singapore time) on or before the Signing Date, deposit into the PLN Credit Reserve Account in same day cleared funds an amount equal to USD1,273,176.40, which shall represent the Ormat Sponsor's Relevant Percentage Share of all up-front fees payable to the Senior Lenders and commitment fees payable to the Senior Lender during the period from the Signing Date to (and including) 30 April 2014;
  - (ii) if, on or before 20 April 2014, the Acceptable Equity Contribution LCs referred to in paragraph (a)(ii) above have not been issued in accordance with this Deed, the Ormat Sponsor shall, not later than 11.00 am (Singapore time) on the Business Day immediately following delivery by the Intercreditor Agent to the Ormat Sponsor of a notice requiring it to do so, deposit into the PLN Credit Reserve Account the amount specified in the notice as being the Relevant Percentage Share of all commitment fees payable by the Borrower to the Senior Lenders pursuant to the Senior Finance Documents during the period commencing on (and including) 1 May 2014 and ending on (and including) 31 May 2014; and

- (iii) if sub-paragraph (ii) applies and the Acceptable Equity Contribution LCs referred to in paragraph (a)(ii) above have not been issued in accordance with this Deed within twenty (20) days after the first day of any calendar month (the relevant month) commencing with the second calendar month following the Signing Date, the Ormat Sponsor shall, not later than 11.00 am (Singapore time) on the Business Day immediately following delivery by the Intercreditor Agent to the Ormat Sponsor of a notice requiring it to do so, deposit into the PLN Credit Reserve Account the amount specified in the notice as being the Relevant Percentage Share of all commitment fees payable by the Borrower to the Senior Lenders pursuant to the Senior Finance Documents during the period commencing on (and including) the first day of the calendar month following the relevant month and ending on (and including) the last day of that calendar month,

in each case, on the basis that all such amounts deposited into the PLN Credit Reserve Account shall be held and disbursed from the PLN Credit Reserve Account in accordance with Clause 3.7(i) ( *PLN Credit Reserve Account* ) of the Accounts Agreement; and

- (iv) ensure that the Acceptable Equity Contribution LCs referred to in paragraph (a)(ii) above are issued in accordance with this Deed before the Borrower delivers the First Drawdown Notices.
- (e) Any deposits by the Ormat Sponsor into the PLN Credit Reserve Account pursuant to paragraph (d) above will not constitute an Equity Contribution for the purposes of the Senior Finance Documents.

## 6.2 Acceptable Equity Contribution LC Requirements

Each Acceptable Equity Contribution LC must:

- (a) be issued by an Eligible Bank in favour of the Offshore Security Agent (on behalf of the Senior Secured Parties) as the beneficiary in the amount (denominated in Dollars) required by this Deed;
- (b) be for the account of the Ormat Sponsor; and
- (c) unless otherwise approved by the Intercreditor Agent, be in substantially the form of Part A ( *Part A – Form of Standby Letter of Credit* ) or Part B ( *Part B – Form of Payment Letter of Credit* ) of Schedule 1 and be issued on terms that:
  - (i) identify that the Acceptable Equity Contribution LC has been issued with respect to the Unutilised Base Equity Commitment or the Unutilised Contingent Equity Commitment (as applicable) and the Ormat Sponsor's obligations to make Equity Contributions in accordance with the provisions of this Deed;
  - (ii) such Acceptable Equity Contribution LC shall have an initial expiration date of at least one year beyond the date of issuance;
  - (iii) there are no conditions to drawing on the Acceptable Equity Contribution LC other than the submission of a demand or draw request in the prescribed form;

- (iv) multiple drawdowns are permitted under the Acceptable Equity Contribution LC from time to time, without the requirement of prior notice to any person, to satisfy the outstanding obligations of the Ormat Sponsor then due in accordance with this Deed;
  - (v) none of the Ormat Shareholder, the Ormat Borrower Entity, the Operator, or any other Borrower Entity shall be required to make any reimbursement or any other payment to the issuer or otherwise with respect thereto, or provide the issuer or any other person with any claim against any Ormat Equity Party (other than the Ormat Sponsor), the Operator, any other Borrower Entity or any other Equity Party other than the Ormat Sponsor, whether for costs of maintenance, reimbursement of costs drawn thereunder or otherwise; and
  - (vi) no obligation relating to such Acceptable Equity Contribution LC may be secured by any Security Interest over any assets secured by any Transaction Security.
- (d) If the Ormat Sponsor indemnifies an Eligible Bank in respect of a payment under an Acceptable Letter of Credit, the Ormat Sponsor shall, subject to paragraph (e) below, be deemed to have made a Subordinated Shareholder Loan to the Ormat Borrower Entity (on the same terms as set forth in the Subordinated Shareholder Loan Agreement) in the amount of such payment and such amount shall constitute Subordinated Liabilities (but, for the avoidance of doubt, shall not constitute a Subordinated Shareholder Loan under paragraph (b) of the definition of “Equity Contribution”).
- (e) Indemnity payments referred to in paragraph (d) above may be treated as a Subordinated Shareholder Loan in accordance with paragraph (d) above to the extent the Ormat Sponsor would remain in compliance with Clause 5.8 ( *Minimum share capital requirement* ).

### 6.3 Drawing of Acceptable Letters of Credit

- (a) The Offshore Security Agent, at the direction of the Intercreditor Agent, shall have the right to draw upon any Acceptable Equity Contribution LC, or any renewal or extension thereof, in whole or in part without notice to any Ormat Equity Party, the Ormat Borrower Entity or any other person, and without prejudice to the Ormat Sponsor’s obligations under this Deed, in accordance with the following provisions:
- (i) if the Ormat Sponsor fails to comply with any of its obligations under:
    - (A) Clause 2 ( *Base Equity Contributions* ) to make a Base Equity Contribution, the Offshore Security Agent, at the direction of the Intercreditor Agent, may make a demand or draw request under an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(i) ( *Establishment of Acceptable Letters of Credit* ); or
    - (B) Clause 3 ( *Contingent Equity Contributions* ) to make a Contingent Equity Contribution, the Offshore Security Agent, at the direction of the Intercreditor Agent, may make a demand or draw request under an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(ii)(B) ( *Establishment of Acceptable Letters of Credit* );
  - (ii) on any date that is at least thirty (30) days after the Eligible Bank that provides such Acceptable Equity Contribution LC is no longer an Eligible Bank, unless an Ormat Equity Party has:

- (A) deposited cash into the Base Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC issued with respect to the Unutilised Base Equity Commitment) or the Contingent Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC issued with respect to the Unutilised Contingent Equity Commitment) in an amount equal to the then-stated amount of the relevant Acceptable Equity Contribution LC then in place; or
  - (B) provided a replacement Acceptable Equity Contribution LC in an amount equal to the then-stated amount of the Acceptable Equity Contribution LC being replaced; or
- (iii) if the Offshore Security Agent has not been provided with a renewal or replacement of the Acceptable Equity Contribution LC at least thirty (30) days prior to the expiration of such Acceptable Equity Contribution LC, unless an Ormat Equity Party has deposited cash into the Base Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC issued with respect to the Unutilised Base Equity Commitment) or the Contingent Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC issued with respect to the Unutilised Contingent Equity Commitment) in an amount equal to the then-stated amount of the relevant Acceptable Equity Contribution LC then in place.
- (b) All drawings under an Acceptable Equity Contribution LC shall be paid by way of deposit into:
- (i) the Offshore Construction and Supply Account; or
  - (ii) if an Event of Default subsists, such other account as notified to the Ormat Sponsor by the Offshore Security Agent or the Intercreditor Agent.
- (c) The Intercreditor Agent shall use its reasonable endeavours to notify an Ormat Sponsor at least one Business Day prior to instructing the Offshore Security Agent to make any drawing under an Acceptable Equity Contribution LC; provided, however, that failure by the Intercreditor Agent to comply with the foregoing obligation shall not prejudice the right of the Offshore Security Agent to draw upon any Acceptable Equity Contribution LC.

#### 6.4 Changes in face amounts of Acceptable Letters of Credit

- (a) If the amount available to be drawn under an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(i) ( *Establishment of Acceptable Letters of Credit* ) (when aggregated with all amounts standing to the credit of the Base Equity Commitment Cash Collateral Account) exceeds the then-applicable Unutilised Base Equity Commitment or Clause 6.1(a)(ii)(B) ( *Establishment of Acceptable Letters of Credit* ) (when aggregated with all amounts standing to the credit of the Contingent Equity Commitment Cash Collateral Account) exceeds the then-applicable Unutilised Contingent Equity Commitment, then the Ormat Sponsor may:
- (i) by delivering written notice to the Intercreditor Agent require the Intercreditor Agent to instruct the Offshore Security Agent to reduce the face amount of the Acceptable Equity Contribution LC, in which case the Intercreditor Agent shall procure the Offshore Security Agent to effect such reduction as soon as reasonably practicable after it receives such notice; or

- (ii) deliver to the Offshore Security Agent a new Acceptable Equity Contribution LC having a lesser stated amount that equals or exceeds the then-applicable Unutilised Base Equity Commitment or Unutilised Contingent Equity Commitment (as applicable), and upon receipt of such Acceptable Equity Contribution LC the Offshore Security Agent shall return the existing Acceptable Equity Contribution LC to the Ormat Sponsor,

but in either case such reduction or replacement shall only be permitted if the amount available to be drawn under the relevant Acceptable Equity Contribution LC, when aggregated with all amounts standing to the credit of the Base Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(i) ( *Establishment of Acceptable Letters of Credit* )) or the Contingent Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(ii)(B) ( *Establishment of Acceptable Letters of Credit* )) (as applicable) after giving effect to such reduction or replacement is not less than the then-applicable Unutilised Base Equity Commitment or Unutilised Contingent Equity Commitment (as applicable) .

- (b) If, at any time as notified by the Intercreditor Agent to the Ormat Sponsor, the amount available to be drawn under an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(i) ( *Establishment of Acceptable Letters of Credit* ) (when aggregated with all amounts standing to the credit of the Base Equity Commitment Cash Collateral Account) is less than the then-applicable Unutilised Base Equity Commitment or Clause 6.1(a)(ii)(B) ( *Establishment of Acceptable Letters of Credit* ) (when aggregated with all amounts standing to the credit of the Contingent Equity Commitment Cash Collateral Account) is less than the then-applicable Unutilised Contingent Equity Commitment, then the Ormat Sponsor shall procure, by not later than five (5) Business Days after such notice:

- (i) an increase in the undrawn amount of the Acceptable Equity Contribution LC; or
- (ii) the replacement of such Acceptable Equity Contribution LC,

in either case so that the amount available to be drawn under the relevant Acceptable Equity Contribution LC, when aggregated with all amounts standing to the credit of the Base Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(i) ( *Establishment of Acceptable Letters of Credit* )) or the Contingent Equity Commitment Cash Collateral Account (in the case of an Acceptable Equity Contribution LC provided pursuant to Clause 6.1(a)(ii)(B) ( *Establishment of Acceptable Letters of Credit* )) (as applicable), is not less than the then-applicable Unutilised Base Equity Commitment or Unutilised Contingent Equity Commitment (as applicable).

## 6.5 Requirement to maintain Acceptable Letters of Credit

If any Acceptable Equity Contribution LC held by the Offshore Security Agent under this Deed ceases to be in full force and effect or available to be drawn up to its undrawn face amount by the Offshore Security Agent as beneficiary, including as a result of:

- (a) an insolvency proceeding affecting the issuer thereof;
- (b) the application of any Applicable Law; or
- (c) the expiry of such Affected Letter of Credit in accordance with its terms in circumstances where the Offshore Security Agent was entitled to draw down the available undrawn amount thereof on its expiry date in accordance with Clause 6.3 ( *Drawing of Acceptable Letters of Credit* ) but did not,

(an “ **Affected Letter of Credit** ”), then the Ormat Sponsor shall ensure that a replacement Acceptable Equity Contribution LC is immediately provided to the Offshore Security Agent in an undrawn face amount which satisfies all the requirements of this Deed, with the effect that the Offshore Security Agent and the other Senior Secured Parties are no worse off than if such Affected Letter of Credit had not ceased to be in full force and effect or available to be drawn.

## 6.6 **Cash Collateral**

- (a) As an alternative to delivering an Acceptable Equity Contribution LC (or any portion thereof) required pursuant to this Deed, the Ormat Sponsor may, or if any Acceptable Equity Contribution LC provided pursuant to this Clause 6 is terminated or expires and no replacement Acceptable Equity Contribution LC is provided pursuant to this Clause 6, the Ormat Sponsor shall, make cash deposits (in Dollars):
  - (i) if the relevant Acceptable Equity Contribution LC relates to the Unutilised Base Equity Commitment, in an aggregate amount equal to the then-applicable Unutilised Base Equity Commitment and in immediately available funds into a bank account (which may be located outside of Indonesia) designated by the Intercreditor Agent or the Offshore Security Agent which shall be subject to a first-ranking Security Interest in favour of the Offshore Security Agent (for the benefit of the Senior Secured Parties) in form and substance approved by the Intercreditor Agent (the “ **Base Equity Commitment Cash Collateral Account** ”); or
  - (ii) if the relevant Acceptable Equity Contribution LC relates to the Unutilised Contingent Equity Commitment, in an aggregate amount equal to the then-applicable Unutilised Contingent Equity Commitment and in immediately available funds into a bank account (which may be located outside of Indonesia) designated by the Intercreditor Agent or the Offshore Security Agent which shall be subject to a first-ranking Security Interest in favour of the Offshore Security Agent (for the benefit of the Senior Secured Parties) in form and substance approved by the Intercreditor Agent (the “ **Contingent Equity Commitment Cash Collateral Account** ”).
- (b) Any amounts deposited into the Base Equity Commitment Cash Collateral Account or the Contingent Equity Commitment Cash Collateral Account pursuant to this Clause 6.6 shall be applied in accordance with this Deed at the same times and in the same manner as if they were amounts available to be drawn under the relevant Acceptable Equity Contribution LC and may be withdrawn by the Sponsor to the extent such amount exceeds the then-applicable Unutilised Base Equity Commitment or Unutilised Contingent Equity Commitment or at any time if replaced by an Acceptable Equity Contribution LC.

## 7. **SPONSOR GUARANTEE AND INDEMNITY**

### 7.1 **Guarantee and indemnity**

The Ormat Sponsor irrevocably and unconditionally:

- (a) guarantees to each Senior Secured Party the punctual performance by each other Ormat Equity Party of all of its obligations under this Deed;

- (b) undertakes with each Senior Secured Party that, whenever another Ormat Equity Party does not pay any amount when due under or in connection with this Deed, the Ormat Sponsor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Senior Secured Party that, if any obligation guaranteed by it under paragraph (a) above is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Senior Secured Party immediately on demand against any cost, loss or liability it incurs as a result of such obligation becoming unenforceable, invalid or illegal or as a result thereof an amount which would otherwise be due and payable under this Deed is not paid when due. The amount payable by the Ormat Sponsor under this indemnity will not exceed the amount it would have had to pay under this Deed if the amount claimed had been recoverable on the basis of the guarantee given by it pursuant to paragraph (a) above.

## 7.2 **Waiver of defences**

The obligations of the Ormat Sponsor under this Clause 7 will not be affected by any act, omission, matter or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Clause 7 (whether or not known to it or a Senior Secured Party or any other person), including:

- (a) any time or waiver granted to, or composition with, any person;
- (b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take-up or enforce any rights against, or security over the assets of any person whatsoever or any non-presentation or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any other security;
- (c) any incapacity or lack of powers, authority or legal personality of or dissolution or change in the members or status of any person;
- (d) any variation (however fundamental) or replacement of a Senior Finance Document or any other document or security so that references to the Senior Finance Documents in this Deed shall include each variation or replacement;
- (e) any unenforceability, illegality or invalidity of any obligations of any person under any Senior Finance Document, or any other document or security, to the intent that the Ormat Sponsor's obligations under this Clause 7 shall remain in full force, and this Clause 7 shall be construed accordingly, as if there were no such unenforceability, illegality or invalidity; or
- (f) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any person under the Senior Finance Documents resulting from any insolvency proceeding or from any law, regulation or order so that each such obligation shall for the purposes of the Ormat Sponsor's obligations under this Clause 7 be construed as if there were no such circumstance.

## 7.3 **Continuing guarantee**

The guarantee in Clause 7.1(a) ( *Guarantee and indemnity* ) is a continuing guarantee and will extend to the ultimate balance of sums payable by the Ormat Sponsor under this Deed, regardless of any intermediate payment or discharge in whole or in part.



#### 7.4 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Ormat Equity Party, the Ormat Borrower Entity, the Operator, any other Borrower Entity or any other Equity Party, or any security for those obligations or otherwise) is made in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Ormat Sponsor under this Clause 7 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

#### 7.5 Immediate recourse

The Ormat Sponsor waives any right it may have of first requiring any Senior Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from it under this Clause 7. This waiver applies irrespective of any law or any provision of a Senior Finance Document to the contrary.

#### 7.6 Appropriations

Until the Senior Secured Liabilities Discharge Date, each Senior Secured Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other monies, security or rights held or received by that Senior Secured Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Ormat Sponsor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any monies received from the Ormat Sponsor or on account of the Ormat Sponsor's liability under this Clause 7.

#### 7.7 Additional security

The obligations of the Ormat Sponsor under this Clause 7 are in addition to and are not in any way prejudiced by any other guarantee or security now or subsequently held by any Senior Secured Party.

### 8. OWNERSHIP RESTRICTIONS

#### 8.1 General

Each Ormat Equity Party covenants and agrees with the Intercreditor Agent and the Offshore Security Agent for the benefit of the Senior Secured Parties that it shall not transfer, assign, sell or otherwise dispose of (“**Transfer**”):

- (a) any shares which it holds (directly or indirectly) in the capital of any Ormat Equity Party, the Ormat Borrower Entity or the Operator (“**Relevant Equity Interests**”); or
- (b) any rights or interests in any Subordinated Shareholder Loan Agreement to which it is party or in or with respect to any Subordinated Shareholder Loan advanced thereunder (“**Relevant Subordinated Liabilities**”),

except if and to the extent expressly permitted under this Clause 8.

## 8.2 Transfers prior to the O&M Changeover Date

No Ormat Equity Party may Transfer any Relevant Equity Interests or any Relevant Subordinated Liabilities at any time on or before the O&M Changeover Date without the prior written consent of the Intercreditor Agent.

## 8.3 Transfers after the O&M Changeover Date

An Ormat Equity Party may Transfer all or any of its Relevant Equity Interests or Relevant Subordinated Liabilities during the period commencing on the day after the O&M Changeover Date if:

- (a) all or any of the Kyushu Sponsor, the Itochu Sponsor, the Ormat Sponsor, the Medco Sponsor (or any transferee of the Medco Sponsor approved by the Intercreditor Agent) directly or indirectly:
  - (i) and legally and beneficially, collectively own at least fifty one per cent. (51%) of all shares in the capital of the Borrower Entities; and
  - (ii) have at least fifty one per cent. (51%) of all voting rights pursuant to the JOA and the Shareholders Agreement; and
- (b) the conditions to such Transfer set out in Clause 8.4 ( *Conditions to all Transfers* ) are satisfied with respect to such Transfer.

## 8.4 Conditions to all Transfers

Notwithstanding anything in this Clause 8 to the contrary, no Ormat Equity Party nor the Ormat Borrower Entity shall cause, make, suffer, permit or consent to any Transfer of any Relevant Equity Interests or Relevant Subordinated Liabilities unless:

- (a) no Default subsists at the time of the Transfer;
- (b) no Force Majeure Event exists at the time of the Transfer, unless the Intercreditor Agent has confirmed in writing to the Borrower and the Ormat Sponsor that the Senior Lenders' Technical Advisor and/or the Senior Lenders' Reserves Consultant has certified to the Intercreditor Agent that the Force Majeure Event (i) is unlikely to continue for more than seven (7) continuous days in total or (ii) is unlikely to have a material and adverse effect (including in terms of delay and cost) on the implementation of the Project;
- (c) if the Transfer is of any Relevant Equity Interests:
  - (i) after giving effect to the Transfer, all applicable ownership requirements under Indonesian law with respect to the Borrower or any Borrower Entity are complied with;
  - (ii) Relevant Subordinated Liabilities are also Transferred to the transferee in an amount which is *pro rata* to the proportion which the Relevant Equity Interests transferred bears to all Relevant Equity Interests held by the transferor;
  - (iii) the transferee of the Relevant Equity Interests:
    - (A) is an entity incorporated in a jurisdiction acceptable to the Intercreditor Agent; and

- (B) has executed and delivered to the Intercreditor Agent a security agreement which creates a Security Interest over the transferee's rights with respect to such Relevant Equity Interests in form and on terms and conditions satisfactory to the Intercreditor Agent, and such Security Interest has been, or upon completion of such transfer will be, perfected;
- (iv) the transferee of such Relevant Equity Interests has delivered or caused to be delivered to the Intercreditor Agent one or more capacity and enforceability legal opinions of counsel acceptable to the Intercreditor Agent with respect to:
  - (A) the relevant security agreement;
  - (B) the perfection of the Security Interests created pursuant to the relevant security agreement; and
  - (C) such other matters (if any) as the Intercreditor Agent reasonably require;
- (d) if such Transfer is of any Relevant Subordinated Liabilities:
  - (i) Relevant Equity Interests are also Transferred to the transferee in an amount which is *pro rata* to the proportion which the Relevant Subordinated Liabilities transferred bears to all Relevant Subordinated Liabilities held by the transferor;
  - (ii) the transferee of such Relevant Subordinated Liabilities has executed and delivered to the Intercreditor Agent a Subordinated Shareholder Loan Assignment Agreement in form and on terms and conditions satisfactory to the Intercreditor Agent which creates a Security Interest over the transferee's rights with respect to the Relevant Subordinated Liabilities;
  - (iii) the transferee has delivered to the Intercreditor Agent one or more legal opinions of counsel acceptable to the Intercreditor Agent as to:
    - (A) the enforceability of the Subordinated Shareholder Loan Assignment Agreement;
    - (B) the perfection of the Security Interests created pursuant to the Subordinated Shareholder Loan Assignment Agreement; and
    - (C) such other matters (if any) as the Intercreditor Agent reasonably requires;
- (e) the Intercreditor Agent has determined that the transferee is an experienced power developer or is experienced in investing in power projects financed on a limited-recourse basis (and the transferor shall provide, or procure the provision of, such information relating to the transferee as is necessary in order to enable the Intercreditor Agent to make such determination, including all information which the Intercreditor Agent reasonably requests);
- (f) the transferee and the Parties have executed all documentation (including amendments to this Deed or an amendment and restatement of this Deed and/or any accession documentation) in form and on terms and conditions acceptable to the Intercreditor Agent to reflect the obligations of the transferee as an Equity Party and the changes (if any, and as determined by the Intercreditor Agent) to the obligations of the Parties under this Deed as a result of the Transfer;

- (g) one or more legal opinions of counsel in form and substance satisfactory to the Intercreditor Agent in relation to the documents referred to in the foregoing paragraphs and such other matters (if any) as the Intercreditor Agent may reasonably require; and
- (h) each Senior Secured Party has confirmed to the Intercreditor Agent in writing that its applicable Know Your Customer Requirements with respect to the proposed transferee have been completed to its satisfaction.

## **9. REPRESENTATIONS AND WARRANTIES**

### **9.1 Representations and warranties**

- (a) Each Ormat Equity Party makes the representations and warranties set out in Clause 9.2 ( *Corporate existence* ) to Clause 9.16 ( *Subordinated Liabilities and Subordinated Documents* ) (inclusive) to the Offshore Security Agent for the benefit of each Senior Secured Party.
- (b) The Ormat Sponsor makes the representations and warranties set out in Clause 9.17 ( *Additional representations and warranties* ) to the Offshore Security Agent for the benefit of each Senior Secured Party.

### **9.2 Corporate existence**

It is a company duly incorporated with limited liability and validly existing under the laws of its jurisdiction of incorporation , and has full power, authority and legal right to own its assets and to carry on its business.

### **9.3 Power and authority**

It has full power, authority and legal right, and all necessary corporate action has been or will be taken in order to authorise it, to enter into, deliver and to exercise its rights and perform its obligations under the Senior Finance Documents to which it is a party .

### **9.4 Binding Obligations**

- (a) Each of the Senior Finance Documents to which it is a party constitutes, or when executed will constitute, its legal, valid and binding obligations, enforceable in accordance with its terms.
- (b) It is not necessary in order to ensure the validity, enforceability, priority or admissibility in evidence of any Senior Finance Document to which it is a party in England, Indonesia or any other relevant jurisdiction that any Senior Finance Document to which it is a party be notarised or be filed or registered with any authority in England, Indonesia or elsewhere or any other analogous procedure be observed or any Tax be paid in respect thereof, provided that for the purpose of the repetition of this representation and warranty it shall not be deemed to be a misrepresentation or breach of warranty if any Senior Finance Document to which it is a party does need to be notarised, filed, registered or another analogous procedure be observed or any Tax be paid in respect thereof and it promptly does so following the execution of the relevant Senior Finance Document.

#### 9.5 **Governing Law**

- (a) The choice of governing law and submission to jurisdiction (where relevant) in each of the Senior Finance Documents to which it is a party will be recognised and enforceable in all relevant jurisdictions, including its jurisdiction.
- (b) Each of the Senior Finance Documents to which it is a party is in proper legal form for the jurisdiction by which it is governed and is capable of enforcement in such jurisdiction without any further action on the part of any person.

#### 9.6 **No Conflict**

The entry into and delivery of the Senior Finance Documents to which it is a party and/or the performance by it of any of its obligations and/or the exercise by it of any of its rights under the Senior Finance Documents to which it is a party will not:

- (a) conflict in any material respect with any Applicable Law by which it or its assets are bound or affected;
- (b) conflict with its Constitutional Documents;
- (c) conflict with any Senior Finance Document or any additional agreement which is binding upon it or any of its assets;
- (d) conflict with any Government Authorization applicable to it or the Project; or
- (e) result in or create any Security Interest (other than a Permitted Security Interest) on or with respect to any of its assets.

#### 9.7 **Authorisations**

All material Governmental Authorisations necessary under laws or regulations applicable to it in connection with:

- (a) the due execution and delivery of, and performance by it of its obligations under, the Senior Finance Documents to which it is a party and the exercise by it of its rights under the Senior Finance Documents to which it is a party;
- (b) the grant by it of any Transaction Security and the validity, enforceability and perfection thereof; and
- (c) the admission of the Senior Finance Documents to which it is a party in evidence in its respective jurisdiction of organisation,

have been duly obtained, validly issued, and are in full force and effect.

#### 9.8 **Indebtedness; Ranking**

Its obligations under the Senior Finance Documents to which it is a party rank at least *pari passu* with all its unsecured and unsubordinated obligations (save for obligations mandatorily preferred solely by operation of any Applicable Law).

#### 9.9 **Immunity**

- (a) The execution by it of each Senior Finance Document to which it is a party constitutes, and its exercise of its rights and performance of its obligations under each Senior Finance Document to which it is a party will constitute, private and commercial acts done and performed for private and commercial purposes.

- (b) It is generally subject to civil and commercial law and to legal proceedings and it cannot and will not be able to claim for itself or its assets any immunity or privilege from any set-off, judgment, execution, attachment or other legal process.

#### 9.10 **Financial Statements**

- (a) Each of the Ormat Sponsor's audited and unaudited financial statements delivered to the Intercreditor Agent pursuant to the Senior Finance Documents:
  - (i) is true, complete and correct in all material respects as of the date of such statement;
  - (ii) fairly presents the financial condition as at the end of, and the results of its operation and cash flow for, the financial period to which it relates; and
  - (iii) have been prepared in accordance with Applicable Laws of its jurisdiction of incorporation and the Applicable Accounting Standards.
- (b) There has been no material adverse change in its assets, business or financial condition or its prospects since the date of such financial statements.

#### 9.11 **Litigation**

No material litigation, arbitration, expert determination or administrative proceeding (other than any proceeding of a frivolous or vexatious nature that has been notified to the Intercreditor Agent and is being contested in good faith) is currently taking place or pending or, to its knowledge, threatened against it or any of its assets which, if adversely determined, has or is reasonably likely to have a material and adverse effect upon its ability to perform its obligations under the Senior Finance Documents to which it is a party.

#### 9.12 **Solvency**

No steps have been taken or legal proceedings started by or against it for or in respect of an insolvency proceeding, and it is solvent and able to pay its debts as they fall due.

#### 9.13 **Taxes**

It has, to the extent required by Applicable Law, filed on a timely basis all Tax returns that are required to be filed by it and has paid all Taxes, fees and other analogous charges properly imposed on it by any relevant Governmental Authority (other than Taxes, fees and other charges the payment of which are not yet due or which are being contested in good faith and for which adequate reserves have been established as required in accordance with the Applicable Accounting Standards).

#### 9.14 **Business Practices**

Neither it nor any person acting on its behalf has been engaged in:

- (a) Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Project or any transaction contemplated by the Transaction Documents, including the procurement or the execution of any contract for goods, services or works relating to the Project;
- (b) Obstructive Practices;

- (c) Money Laundering or acted in breach of any Applicable Law relating to Money Laundering; or
- (d) Financing of Terrorism or acted in breach of any Applicable Law relating to the Financing of Terrorism.

#### 9.15 **Ownership**

- (a) As of the date of this Deed:
  - (i) the Ormat Sponsor is the beneficial owner of one hundred per cent. (100%) of the issued and outstanding shares of the Ormat HoldCo;
  - (ii) the Ormat HoldCo is the beneficial owner of one hundred per cent. (100%) of the issued and outstanding shares of the Ormat Shareholder;
  - (iii) the Ormat Shareholder is the beneficial owner of one hundred per cent. (100%) of the issued and outstanding shares of the Ormat Borrower Entity; and
  - (iv) the Ormat Shareholder is the beneficial owner of twelve point seventy five per cent. (12.75%) of the issued and outstanding shares of the Operator.
- (b) Other than pursuant to the Equity Documents, no Ormat Equity Party has any outstanding:
  - (i) securities convertible into or exchangeable for capital stock in the Ormat Borrower Entity, any other Ormat Equity Party, the Operator or any other Borrower Entity; or
  - (ii) rights to subscribe for or to purchase, or any option for the purchase of, or any agreement, arrangement or understanding providing for the issuance (contingent or otherwise) of, or any call, commitment or claims of any character relating to, capital stock in the Ormat Borrower Entity, any other Ormat Equity Party, the Operator or any other Borrower Entity.

#### 9.16 **Subordinated Liabilities and Subordinated Documents**

- (a) It is the sole legal and beneficial owner of the Subordinated Liabilities owed to it and of the benefits expressed to be conferred on it by the Subordinated Documents to which it is a party free, in each case from any Security Interest, option or subordination in favour of any person other than the Senior Secured Parties.
- (b) The Subordinated Liabilities owed to it are not subject to any set-off, counterclaim or other defence.
- (c) The Subordinated Documents to which it is a party contain all of the terms and conditions of the Subordinated Liabilities owed to it.
- (d) The Subordinated Documents contain all of the terms and conditions regulating the legal relationships as between all or any of the Ormat Equity Parties (on the one hand) and all or any of the other Equity Parties (on the other hand) with respect to the Project.

**9.17 Additional representations and warranties**

The Ormat Sponsor represents and warrants to each Senior Secured Party that each of the representations and warranties made by any Ormat Equity Party in the Senior Finance Documents to which that Ormat Equity Party is a party is correct in all material respects when made or deemed to be made.

**9.18 Time for making representations and warranties**

- (a) Each of the representations and warranties set out in this Clause 9 are made by the relevant Ormat Equity Party to each Senior Secured Party on the date of this Deed. Each Ormat Equity Party acknowledges that each of the Senior Secured Parties has entered into the Senior Finance Documents in reliance upon the representations and warranties contained in this Clause 9.
- (b) Unless otherwise expressed to be given on a particular date, each Ormat Equity Party will be deemed to repeat the representations and warranties contained in Clauses 9.2 ( *Corporate existence* ), 9.3 ( *Power and authority* ) 9.4 ( *Binding Obligations* ), 9.5 ( *Governing Law* ), 9.6 ( *No Conflict* ), 9.9 ( *Immunity* ), 9.10(a) ( *Financial Statements* ), 9.11 ( *Litigation* ), 9.12 ( *Solvency* ), 9.15(b) ( *Ownership* ), 9.16 ( *Subordinated Liabilities and Subordinated Documents* ) and 9.17 ( *Additional representations and warranties* ):
  - (i) on the First Drawdown Date;
  - (ii) on each day on which a Drawdown Notice is received by the Intercreditor Agent and on each Drawdown Date; and
  - (iii) on each Interest Payment Date,with reference to the facts and circumstances existing at such time.

**10. GENERAL UNDERTAKINGS**

**10.1 General**

The following undertakings are given by each Ormat Equity Party (except as otherwise expressly provided in this Clause 10) with respect to itself to the Offshore Security Agent for the benefit of each Senior Secured Party and shall remain in full force until the Senior Secured Liabilities Discharge Date.

**10.2 Existence, conduct of business, properties, etc.**

It shall maintain and preserve its existence as a limited liability company and all rights, privileges and franchises necessary or desirable in the normal conduct of its business.

**10.3 Governmental Authorisations**

Without prejudice to its other obligations hereunder, it will promptly and diligently:

- (a) obtain, maintain and comply with the terms of; and
- (b) supply certified copies to the Intercreditor Agent of,

all Governmental Authorisations required to enable it to perform, or required in connection with the performance of, its obligations under, or for the validity or enforceability of, each Senior Finance Document to which it is a party and for the admissibility of any thereof in evidence under English law, Indonesian law and the law of any relevant jurisdiction (including its jurisdiction of incorporation or organisation).



**10.4 Compliance with Applicable Law**

It will comply with all Applicable Law to which it may be subject if failure so to comply would impair its ability to perform its obligations under any Senior Finance Document to which it is a party .

**10.5 Taxes**

Before the same become delinquent, pay and discharge or cause to be paid and discharged:

- (a) all Taxes, assessments and governmental charges or levies lawfully imposed upon any of the Secured Property;
- (b) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any Governmental Authority in respect of any Senior Finance Document to which it is a party; and
- (c) all lawful claims or obligations that, if unpaid, would become a Security Interest upon the Secured Property, or upon any part thereof,

unless such taxes, assessments and other charges are being contested in good faith and by appropriate proceedings, with adequate segregated reserves established for such taxes.

**10.6 Financial statements**

The Ormat Sponsor shall deliver to the Intercreditor Agent as soon as practicable after the same becomes available each of its annual, audited financial statements.

**10.7 Pari passu**

It will ensure that its obligations under the Senior Finance Documents to which it is a party rank at least *pari passu* with all its unsecured and unsubordinated obligations (save for obligations mandatorily preferred solely by operation of any Applicable Law).

**10.8 No disposal**

It shall not sell, transfer, assign or otherwise dispose of, or grant an option or any pre-emption or like right over, any of its rights, title, benefit or interest in or to any Relevant Equity Interests or any Subordinated Shareholder Loan Agreement, nor exercise any right it may have to require any other person to do so, other than pursuant to the Security Documents or as expressly permitted under the Senior Finance Documents.

**10.9 Negative pledge**

- (a) It will not create, grant or permit to subsist any Security Interest over any of its Relevant Equity Interests or any rights or interests it has under or with respect to any Subordinated Shareholder Loan Agreement (other than any Security Interest created pursuant to the Security Documents or arising by operation of law).
- (b) It will not perform any action or refrain from performing any action which in each case is inconsistent with the Security Interests created pursuant to the Security Documents for the benefit of the Senior Secured Parties over any of its Relevant Equity Interests or any rights or interests it has under or with respect to any Subordinated Shareholder Loan Agreement.

- (c) Following the exercise of any Remedies, it will only exercise any rights and perform any obligations that it may have in relation to any of its Relevant Equity Interests or Subordinated Shareholder Loans in accordance with the directions of the Intercreditor Agent or the Offshore Security Agent.

#### 10.10 Subordinated Documents

It will not without the prior written consent of the Intercreditor Agent:

- (a) except to the extent otherwise expressly permitted in this Deed, Dispose of any rights or obligations (including by way of a Security Interest, other than a Permitted Security) under a Subordinated Document, or consent to any of the foregoing;
- (b) terminate, repudiate or rescind any Subordinated Document, or consent to any of the foregoing;
- (c) amend, vary or modify any material provision of any Subordinated Document, or consent to any of the foregoing; or
- (d) waive or otherwise relinquish any material right it has under a Subordinated Document.

#### 10.11 Verification of interests

It shall, promptly following a request from the Intercreditor Agent, deliver a certificate to the Intercreditor Agent setting out details of:

- (a) the Relevant Equity Interests then owned by it (directly or indirectly); and/or
- (b) in the case of the Shareholder, each Subordinated Shareholder Loan provided by it.

#### 10.12 Notices

It shall, upon acquiring notice or giving notice, or obtaining knowledge thereof, as the case may be, promptly provide written notice to the Intercreditor Agent (unless such notice has already been provided to the Intercreditor Agent by the Borrower or any Equity Party) of:

- (a) any Default (whether or not in respect of it) of which it has knowledge, specifically stating that a Default has occurred and describing such Default and any action being taken or proposed to be taken with respect to such Default;
- (b) the occurrence of any event or of any litigation or governmental proceeding pending against it which, if adversely determined, could reasonably be expected to materially and adversely affect its ability to perform its obligations hereunder;
- (c) any other event or development which could reasonably be expected to have a Material Adverse Effect; and
- (d) from time to time, such other information regarding its financial condition, operations or business as the Intercreditor Agent may reasonably request if reasonably necessary to evaluate its ability to perform its obligations under the Senior Finance Documents to which it is a party.

#### 10.13 No corrupt practices

- (a) It shall not engage in (nor shall it authorise or permit any person acting on behalf to engage in), and it shall ensure that no other Ormat Equity Party engages in:

- (i) Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Project or any transaction contemplated by the Senior Finance Documents, including the procurement or the execution of any contract for goods, services or works relating to the Project;
  - (ii) Obstructive Practices;
  - (iii) Money Laundering or act in breach of any Applicable Law relating to Money Laundering; or
  - (iv) the Financing of Terrorism or act in breach of any Applicable Law relating to the Financing of Terrorism.
- (b) It shall not, and it shall ensure that each other Ormat Equity Party and the Ormat Borrower Entity shall not:
- (i) contribute or otherwise make available all or any part of the proceeds of the Senior Facilities, directly or indirectly, to, or for the benefit of, any person (whether or not related to any Ormat Equity Party or Affiliate thereof) for the purpose of financing the activities or business of, other transactions with, or investments in, any Restricted Party;
  - (ii) directly or indirectly fund all or part of any repayment or prepayment of the Senior Facilities out of proceeds derived from any transaction with or action involving a Restricted Party; or
  - (iii) engage in any transaction, activity or conduct that would violate Sanctions, that would cause any Senior Secured Party to be in breach of any Sanctions or that could reasonably be expected to result in its or any Ormat Equity Party or any Senior Secured Party's being designated as a Restricted Party.
- (c) Each Ormat Equity Party shall institute, maintain and comply with internal procedures and controls following international best practice standards for the purpose of preventing any action in breach of the provisions of this Clause 10.13.
- (d) Each Ormat Equity Party undertakes to inform the Intercreditor Agent promptly if it should at any time obtain information in relation to any violation or potential violation of the provisions of this Clause 10.13.
- (e) If the Intercreditor Agent notifies an/a Ormat Equity Party of its concern that there has been a violation of any of the provisions of this Clause 10.13, then the Ormat Equity Parties will:
- (i) cooperate in good faith with the Intercreditor Agent and its representatives in determining whether such a violation has occurred including obtaining legal opinions, authorisations and disclosure letters from government authorities, carrying out additional due diligence and investigative reports;
  - (ii) respond promptly and in reasonable detail to any notice from the Intercreditor Agent; and
  - (iii) furnish documentary support for such response upon the Intercreditor Agent's request.
- (f) Notwithstanding any other provision of the Senior Finance Documents or any confidentiality undertaking executed between an Ormat Equity Party and a Senior Secured Party, each Ormat Equity Party acknowledges that each Senior Secured Party may disclose to any Governmental Authority or any Specified International Financial Institution any information obtained by that Senior Secured Party in relation to any violation of any of the provisions of this Clause 10.13.

#### 10.14 **Immunity**

It shall not, and it shall ensure that no other Ormat Equity Party shall, in any proceedings in connection with any Senior Finance Document to which it is a party, claim for itself or any of its assets, immunity from suit, execution, attachment or other legal process.

### 11. **ADDITIONAL UNDERTAKINGS**

#### 11.1 **General**

The following undertakings are given by each Ormat Equity Party with respect to itself (except as otherwise expressly provided in this Clause 11) to each Senior Secured Party and shall remain in full force until the Senior Secured Liabilities Discharge Date.

#### 11.2 **No Winding-Up**

It shall not, and it shall procure that none of the Ormat Equity Parties shall agree to, directly or indirectly initiate or continue any insolvency proceedings, or consent or approve or acquiesce to any insolvency proceedings, with respect to any Ormat Equity Party, the Ormat Borrower Entity, the Operator or any other Borrower Entity, except if and to the extent expressly required to do so by an Agent.

#### 11.3 **SPV Status**

The Ormat Sponsor shall ensure that the Ormat Shareholder:

- (a) will have no assets or liabilities (other than arising under or pursuant to this Deed and the other Transaction Documents and tax or other liabilities necessarily incidental to its due incorporate and the maintenance of its corporate existence); and
- (b) will not amend its Constitutional Documents in any material respect.

#### 11.4 **No adverse control**

It shall not, directly or indirectly, exercise control over any Ormat Equity Party, the Ormat Borrower Entity, the Operator or any other Borrower Entity in any manner that, or otherwise take any action that:

- (a) is inconsistent with the Subordinated Documents; or
- (b) is inconsistent with the performance by the Operator of its obligations or functions (including the making of decisions) or the exercise of its rights and remedies under the Subordinated Documents.

#### 11.5 **Further assurances**

It undertakes and agrees with the Intercreditor Agent and the Security Agents for the benefit of the Senior Secured Parties that it will, and that it will procure that each other Ormat Equity Party will, at its own cost:

- (a) do any act, make any filing or registration or sign, seal, execute and/or deliver such deeds, instruments or other documents in each case as, and in such form as, the Intercreditor Agent or a Security Agent shall require to enable a Security Agent to perfect and protect the Security Interest to be conferred on that Security Agent by the Security Documents or the ranking of each Security Interest contemplated by the relevant Security Document;

- (b) fully cooperate and not interfere with, and perform or refrain from all acts requested by, the Intercreditor Agent or a Security Agent to effectuate the purported rights and interests of the Senior Secured Parties under the Security Documents or which are otherwise available to the Senior Secured Parties under applicable law or otherwise;
- (c) if the Senior Secured Parties have exercised any Remedies, give effect to and expedite the exercise of any purported rights and interests of the Senior Secured Parties under the Security Documents to which it is a party, including waiving all of its rights (if any) conferred on it by or in connection with the Subordinated Documents which would otherwise restrict the enforcement of the Transaction Security including with respect to any share capital which it holds (directly or indirectly) in any Ormat Equity Party, the Ormat Borrower Entity or the Operator; and
- (d) execute and deliver all instruments of transfer and all security documents, and give and make all notices, filings, public deeds and similar acts as may be necessary, or as may be directed by the Intercreditor Agent or a Security Agent in connection with the foregoing.

#### 11.6 **Law No. 24 undertakings**

It will:

- (a) take (or, as applicable, refrain from taking) all actions as the Intercreditor Agent may determine in its sole discretion as being necessary or desirable to comply with Indonesian Law No. 24 of 2009 regarding National Flag, Language, Coat of Arms, and Anthem, including the signing of Bahasa Indonesia versions of the Transaction Documents to which it or any other Ormat Equity Party, the Ormat Borrower Entity, the Operator or any other Borrower Entity is a party as and when required by the Intercreditor Agent; and
- (b) not seek (and not permit any Ormat Equity Party or the Ormat Borrower Entity, the Operator or any other Borrower Entity to seek) to rely on any defence based on Indonesian Law No. 24 of 2009 regarding National Flag, Language, Coat of Arms, and Anthem or submit into evidence in any court proceeding (other than in Indonesia to the extent that the procedural rules applicable to such court proceedings require otherwise) any Bahasa Indonesia version of any Transaction Document to which any Ormat Equity Party, the Ormat Borrower Entity, the Operator or any other Borrower Entity is a party.

#### 12. **PERMITTED PAYMENTS**

The Operator and the Ormat Borrower Entity shall not pay , and each Ormat Equity Party and the Ormat Borrower Entity shall not receive or retain payment from, on behalf of or for the account of (or from any receiver, liquidator, curator, other insolvency official or similar or otherwise with respect to any Insolvency Proceeding of) the Ormat Borrower Entity, the Operator or any other Borrower Entity of, Subordinated Liabilities other than:

- (a) Subordinated Liabilities which constitute Restricted Payments, but only if and to the extent such Restricted Payments are paid from amounts standing to the credit of the Distributions Account in accordance with Clause 3.16 ( *Distributions Account* ) of the Accounts Agreement; or

- (b) other Subordinated Liabilities, but only if and to the extent such Subordinated Liabilities constitute Permitted Equity Party Payments and are paid in accordance with the applicable provisions of the Accounts Agreement.

### **13. SUBORDINATION**

#### **13.1 Borrower undertakings**

During the period commencing on the date of this Deed and until the Senior Secured Liabilities Discharge Date, the Ormat Borrower Entity shall not, except with the prior written consent of the Intercreditor Agent:

- (a) subject to Clause 15 ( *Subordination on Insolvency* ), pay or repay, or in any way discharge, or purchase or acquire, the Subordinated Liabilities in cash or in kind except, in each case, as provided in Clause 12 ( *Permitted Payments* );
- (b) discharge or permit any Subordinated Liabilities to be discharged by way of set-off, except as provided in Clause 12 ( *Permitted Payments* );
- (c) create or permit to subsist any Security Interest over any of its assets for the Subordinated Liabilities; or
- (d) otherwise take any action prejudicial to or impairing the Senior Secured Parties' priority position over the Ormat Equity Parties and the Ormat Borrower Entity with respect to the subordination of the Subordinated Liabilities to the Senior Secured Liabilities, as created by this Deed.

#### **13.2 Subordinated Creditors' Undertakings**

During the period commencing on the date of this Deed and until the Senior Secured Liabilities Discharge Date, each Subordinated Creditor undertakes that it shall not, except with the prior written consent of the Intercreditor Agent:

- (a) subject to Clause 15 ( *Subordination on Insolvency* ), demand or receive payment of, or in any way discharge any Subordinated Liabilities or apply any money or assets of the Ormat Borrower Entity, the Operator or any other Borrower Entity in discharge of the Subordinated Liabilities except as provided in Clause 12 ( *Permitted Payments* );
- (b) discharge or permit any Subordinated Liabilities to be discharged by way of set-off, except as provided in Clause 12 ( *Permitted Payments* );
- (c) unless Clause 15 ( *Subordination on Insolvency* ) applies,
  - (i) declare any Subordinated Liabilities prematurely due and payable;
  - (ii) enforce any Subordinated Liabilities by execution of a judgment or otherwise;
  - (iii) initiate or support or permit to be taken any steps with a view to any insolvency or dissolution proceedings in respect of or similar proceedings for the purpose of suing for or recovering any Subordinated Liabilities; or
  - (iv) otherwise exercise any remedy for the recovery of any part of any Subordinated Liabilities; or
- (d) (i) permit to subsist or receive any guarantee or other assurance against loss in respect of any part of any Subordinated Liabilities;

- (i) assign or dispose of, or create or permit to subsist, any Security Interest over any Subordinated Liabilities or any proceeds thereof or any interest in any Subordinated Liabilities or any proceeds thereof to, or in favour of, any person other than the Senior Secured Parties in accordance with the Senior Finance Documents;
- (ii) subordinate any Subordinated Liabilities to any sums owing by any Ormat Equity Party, the Ormat Borrower Entity or the Operator to any person other than the Senior Secured Parties; or
- (iii) transfer by novation or otherwise any of its rights or obligations under any Subordinated Documents or in respect of any Subordinated Liabilities to any person other than the relevant Agent,

unless in each case that person agrees with each Agent that that person is bound by all the terms of this Deed in the same manner as each Subordinated Creditor and otherwise on terms reasonably satisfactory to the Intercreditor Agent; or

- (e) otherwise take any action prejudicial to or impairing the Senior Secured Parties' priority position over the Subordinated Creditors with respect to the subordination of the Subordinated Liabilities to the Senior Secured Liabilities, as created by this Deed.

#### **14. TURNOVER OF NON-PERMITTED RECOVERIES**

##### **14.1 Non-permitted Payments**

If, prior to the Senior Secured Liabilities Discharge Date:

- (a) any Subordinated Creditor receives a payment or distribution in respect of any Subordinated Liabilities from the Ormat Borrower Entity or the Operator or any other source other than a Permitted Payment;
- (b) any Subordinated Creditor receives from, on behalf of or for the account of (or from any receiver, liquidator, curator, other insolvency official or similar or otherwise with respect to any Insolvency Proceeding of) the Ormat Borrower Entity, the Operator or any other Borrower Entity the proceeds of any enforcement of any Security Interest or any guarantee for any Subordinated Liabilities other than a Permitted Payment; or
- (c) the Ormat Borrower Entity or the Operator makes any payment or distribution on account of the purchase or other acquisition of any Subordinated Liabilities other than a Permitted Payment,

such Subordinated Creditor will hold the same in trust for the Senior Secured Parties and pay and distribute it to the Intercreditor Agent for application towards the Senior Secured Liabilities in accordance with the applicable provisions of Clause 8.8 ( *Partial Payments* ) of the Common Terms Agreement until the Senior Secured Liabilities Discharge Date .

##### **14.2 Non-permitted set-offs**

If, for any reason, prior to the Senior Secured Liabilities Discharge Date, any Subordinated Liabilities are discharged by set-off other than by way of a Permitted Payment, each Subordinated Creditor will immediately pay an amount equal to such discharged amount to the Intercreditor Agent for application towards the Senior Secured Liabilities .

#### 14.3 Failure of Trust

If, for any reason, a trust in favour of, or a holding of property for, the Senior Secured Parties under this Deed is invalid or unenforceable, each Subordinated Creditor will pay and deliver to the Intercreditor Agent an amount equal to the payment, receipt or recovery in cash or in kind (or its value, if in kind) which such Subordinated Creditor would otherwise have been bound to hold on trust for or as property of the Senior Secured Parties.

#### 15. SUBORDINATION ON INSOLVENCY

If any of the events set out in Clauses 21.7 ( *Insolvency* ), Clause 21.8(a) ( *Judgments* ) or Clause 21.9 ( *Cessation of Business* ) of the Common Terms Agreement occurs in relation to any Ormat Equity Party, the Ormat Borrower Entity or the Operator and such event is either continuing or has not been waived by the Intercreditor Agent, then:

- (a) the Subordinated Liabilities will be subordinated in right of payment to the Senior Secured Liabilities;
- (b) each Agent may, and is irrevocably authorised on behalf of each Subordinated Creditor to:
  - (i) claim, enforce and prove for the Subordinated Liabilities;
  - (ii) file claims and proofs, give receipts and take all such proceedings and do all such things as the relevant Agent sees fit to recover the Subordinated Liabilities; and
  - (iii) receive all payments in respect of the Subordinated Liabilities for application towards repayment of the Senior Secured Liabilities until the Senior Secured Liabilities Discharge Date;
- (c) if and to the extent that the relevant Agent is not entitled to do any of the things referred to in paragraph (b) above, each Subordinated Creditor will promptly do such things as so directed by the relevant Agent to give effect to this provision;
- (d) each Subordinated Creditor will hold all payments and amounts in cash or in kind received or receivable by it in respect of all Subordinated Liabilities from, on behalf of or for the account of (or from any receiver, liquidator, curator, other insolvency official or similar or otherwise with respect to any Insolvency Proceeding of) the Ormat Borrower Entity, the Operator, any other Borrower Entity or from any other source in trust for the Senior Secured Parties and will (at its expense) pay and transfer the same to the Intercreditor Agent, for application towards the repayment of the Senior Secured Liabilities until the Senior Secured Liabilities Discharge Date; and
- (e) the trustee in bankruptcy, liquidator, official receiver, assignee or other person distributing the assets of an Ormat Equity Party, the Ormat Borrower Entity or the Operator or its proceeds is directed to pay all payments and distributions received by a Subordinated Creditor with respect to the Subordinated Liabilities directly to the Intercreditor Agent, until the Senior Secured Liabilities Discharge Date. Each Subordinated Creditor will give all such notices and do all such things as an Agent may reasonably direct to give effect to this provision.



## **16. CONSENTS**

### **16.1 New Transactions**

The Subordinated Creditors:

- (a) shall not exercise any remedy in relation to the Subordinated Liabilities against the Ormat Borrower Entity, any other Borrower Entity, the Operator or the Senior Secured Parties arising by reason of any transaction entered into between any of the Senior Secured Parties and/or any of the Ormat Equity Parties, the Ormat Borrower Entity, any other Borrower Entity or the Operator; and
- (b) shall not object to any transaction referred to in paragraph (a) by reason of any provisions of the Subordinated Documents.

### **16.2 Waivers**

Any waiver, consent or approval granted by an Agent in accordance with this Deed will also be deemed to have been given by the Subordinated Creditors if any transaction or circumstance would, in the absence of such waiver or consent by the Subordinated Creditors, violate the provisions of any Subordinated Document.

## **17. PROTECTION OF SUBORDINATION**

### **17.1 Continuing Subordination**

The subordination provisions in this Deed constitute a continuing subordination and benefit the ultimate balance of the Senior Secured Liabilities regardless of any intermediate payment or discharge of the Senior Secured Liabilities in whole or in part.

### **17.2 Waiver of Defences**

The subordination effected or intended to be effected by this Deed and the obligations and liabilities of each Subordinated Creditor in respect of the subordination effected or intended to be effected under this Deed shall not be affected, discharged, impaired, revoked or otherwise affected by any act, omission, transaction, limitation, matter, thing or circumstance which, but for this provision, might operate to release, reduce, prejudice or otherwise affect any such obligations, liabilities or subordination under this Deed, including, and whether or not known to that Subordinated Creditor or any other person:

- (a) any time, waiver, indulgence or consent granted to, or composition with, any Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party, or any other person;
- (b) the release of the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person whether under the terms of any composition or arrangement with any creditor or otherwise;
- (c) any amendment to, or any variation, waiver or release of, any obligation of any Party, or any amendment, novation, supplement, extension (whether of maturity or otherwise), restatement, replacement or variation (in each case, however fundamental and whether or not more onerous) of any Senior Finance Document or any other document or security, including any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Senior Finance Document or other document or security;

- (d) the taking of any Security Interests from the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person, or the variation (no matter how fundamental or extensive), compromise, exchange, renewal or release of, or refusal or neglect to take, perfect or enforce, any rights, remedies or Security Interests against or over assets of the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person or all or any part of the security constituted by the Security Documents or any other document or failure to realise the full value of any security;
- (e) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise or to fully realise the value of, or any release, discharge, exchange or substitution of, any security taken in respect of the obligations of the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person;
- (f) any change, restructuring or termination of the corporate structure or existence of the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person;
- (g) any legal limitation, disability, incapacity, lack of power, authority or legal personality of or dissolution or change in the members or status of the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person or other circumstances relating to the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person;
- (h) any unenforceability, illegality or invalidity of any obligation of any person under any Senior Finance Document or any other document or security; or
- (i) the winding-up, dissolution, administration, insolvency or similar proceedings of the Ormat Borrower Entity, the Operator, any other Borrower Entity, any Ormat Equity Party or any other person.

### 17.3 **Immediate Recourse**

Each Subordinated Creditor waives any right it may have of first requiring any Senior Secured Party (or the Intercreditor Agent or any trustee or other agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming the benefit of this Deed.

### 17.4 **Appropriations**

Until the Senior Secured Liabilities Discharge Date, an Agent may:

- (a) apply any monies or property received under this Deed or from any Subordinated Creditor or from any other person in respect of the Subordinated Liabilities (except for monies or property received by the Intercreditor Agent in respect of Permitted Payments (if any) at a time when such payments are permitted under Clause 12 ( *Permitted Payments* )) against the Senior Secured Liabilities in accordance with the terms of the Senior Finance Documents; or
- (b) hold in suspense any monies or distributions received from any Subordinated Creditor under Clause 14 ( *Turnover of Non-Permitted Recoveries* ) or Clause 15 ( *Subordination on Insolvency* ) or on account of the liability of such Subordinated Creditor under this Deed.

## 17.5 Non-competition

Until the Senior Secured Liabilities Discharge Date, no Subordinated Creditor may, by virtue of any payment or performance by it under this Deed or by virtue of the operation of Clause 14 ( *Turnover of Non-Permitted Recoveries* ) or Clause 15 ( *Subordination on Insolvency* ):

- (a) exercise any rights of subrogation in respect of any rights, security or monies held, received or receivable by any Senior Secured Party (or any Agent or any trustee or other agent on its behalf) or be entitled to any right of contribution or indemnity;
- (b) subject to Clause 14 ( *Turnover of Non-Permitted Recoveries* ), claim, rank, prove or vote as a creditor of any Ormat Equity Party, the Ormat Borrower Entity, the Operator, any other Borrower Entity or any other person or their respective estates in competition with any Senior Secured Party (or the Intercreditor Agent or any trustee or other agent on its behalf); or
- (c) subject to Clause 12 ( *Permitted Payments* ), receive, claim or have the benefit of any payment, distribution or security from or on account of any Ormat Equity Party, the Ormat Borrower Entity, the Operator, any other Borrower Entity or any other person.

## 18. PRESERVATION OF SUBORDINATED LIABILITIES

- (a) Notwithstanding any term of this Deed postponing, subordinating or preventing the payment of any of the Subordinated Liabilities, the Subordinated Liabilities concerned shall, solely as between the Ormat Borrower Entity, the Ormat Equity Parties or the Operator (as applicable), and the Subordinated Creditors, remain owing or due and payable in accordance with the terms of the relevant Subordinated Documents, and interest and default interest will accrue on missed payments accordingly, provided that payments or distributions in respect of such Subordinated Liabilities may only be made in accordance with Clause 12 ( *Permitted Payments* ).
- (b) Without prejudice to the foregoing, but for the avoidance of doubt, until all of the Subordinated Liabilities are paid in full by the Ormat Borrower Entity, the Ormat Equity Parties or the Operator in funds which may, at the time when the same are received, be fully retained by the Ormat Equity Parties or the Ormat Borrower after giving effect to this Deed, the Ormat Borrower Entity, the Ormat Equity Parties and the Operator shall remain fully liable under the Subordinated Documents and any payments made by or on behalf of any Subordinated Creditor pursuant to this Deed to the Intercreditor Agent shall not be deemed for these purposes to have in any way extinguished the obligations of the Ormat Borrower Entity, the Ormat Equity Parties or the Operator to the Subordinated Creditors in relation to the Subordinated Liabilities pursuant to the relevant Subordinated Documents.

## 19. REINSTATEMENT

- (a) Notwithstanding any other provision of this Deed, if any discharge, release or arrangement (whether in respect of the obligations of any Ormat Equity Party, any other Equity Party, the Ormat Borrower Entity, the Operator, any other Borrower Entity, or any security for those obligations or otherwise) is made in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Subordinated Creditor under this Deed will continue or be reinstated as if the discharge, release or arrangement had not occurred.

- (b) The Intercreditor Agent (on behalf of itself and the other Senior Secured Parties) may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

## 20. TAXES

All payments to be made by an Ormat Equity Party under the Senior Finance Documents to which it is a party shall be made in full, free and clear of and without any deduction or withholding (whether in respect of set-off, counter-claim, duties, Taxes, charges or otherwise), unless such Ormat Equity Party is required to make such payment subject to the deduction or withholding of Tax, in which case the sum payable by such Ormat Equity Party in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to Tax such deduction or withholding has been made receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

## 21. DEFAULT INTEREST

If an Ormat Equity Party fails to pay any amount payable by it under this Deed on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at the Default Rate in the currency of the overdue amount for successive interest periods, each of a duration selected by the Ormat Borrower Entity or, if an Event of Default then subsists, the Intercreditor Agent. Any interest accruing under this Clause 21 shall be immediately payable by the relevant Ormat Equity Party on demand by the Ormat Borrower Entity or, if an Event of Default then subsists, the Intercreditor Agent.

## 22. CURRENCY INDEMNITY

### 22.1 Currency indemnity

If any Party (the “**Recipient**”) receives an amount from any Ormat Equity Party under any Senior Finance Document or if any amount owed thereunder is converted into a claim, proof, judgment or order in a currency other than the currency in which the amount is expressed to be payable under this Deed (the “**Contractual Currency**”):

- (a) such Ormat Equity Party shall indemnify that Recipient as an independent obligation against any direct loss or liability arising out of or as a result of the conversion, but in no circumstances shall such Ormat Equity Party be liable for any loss or incur any liability arising out of any negligence, default or misconduct of any Recipient;
- (b) if the amount received by that Recipient, when converted into the Contractual Currency at a market rate in the usual course of its business is less than the amount owed in the Contractual Currency, such Ormat Equity Party shall within three (3) Business Days of demand pay to that Recipient an amount in the Contractual Currency equal to the deficit;
- (c) such Ormat Equity Party shall forthwith on demand pay to the Recipient concerned any exchange costs payable in connection with any such conversion; and
- (d) each Ormat Equity Party waives any right it may have in any jurisdiction to pay any amount under this Deed in a currency other than that in which the amount is expressed to be payable by such Ormat Equity Party to the Recipient.

**22.2 Waiver of payment in other currencies**

Each Ormat Equity Party waives any right it may have in any jurisdiction to pay any amount under the Senior Finance Documents to which it is a party in a currency or currency unit other than that in which it is expressed to be payable.

**23. COSTS AND EXPENSES**

Each Ormat Equity Party shall, from time to time on demand of the Intercreditor Agent, reimburse the Senior Secured Parties for all costs and expenses (including reasonable legal fees), together with any value added tax thereon, incurred in or in connection with the preservation and/or enforcement and/or attempted enforcement of any of the rights of the Senior Secured Parties against any such Equity Party under the Senior Finance Documents to which that Ormat Equity Party is a party .

**24. EVIDENCE, CALCULATIONS AND PAYMENTS**

**24.1 Evidence**

- (a) In any proceedings arising out of or in connection with the Senior Finance Documents to which an Ormat Equity Party is a party, the entries made in the accounts maintained by a Senior Secured Party are *prima facie* evidence of the matters to which they relate.
- (b) Any certification or determination by the Intercreditor Agent or other Senior Secured Party of a rate or amount payable to the Senior Secured Parties or any of them shall be, in the absence of manifest error, *prima facie* evidence of the matters to which it relates as against the Ormat Equity Parties.

**24.2 Basis of accrual**

Interest payable under this Deed shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days.

**24.3 Payments**

Any amount payable by an Ormat Equity Party to a Senior Secured Party under the Senior Finance Documents to which that Ormat Equity Party is a party shall, unless the Senior Finance Document provides otherwise, be paid to the account nominated by an Agent for that purpose in immediately available, freely transferable and cleared funds.

**25. ASSIGNMENTS AND TRANSFER**

**25.1 Benefit of agreement**

This Deed shall be binding on and enure to the benefit of each Party and its or any subsequent respective successors and permitted transferees and assigns.

**25.2 Transfers**

No Party (other than a Senior Secured Party) may Dispose of any of, or any interest in, its rights, benefits or obligations under this Deed except as otherwise provided in this Deed or the other Senior Finance Documents.

**25.3 Changes in Agents**

- (a) The Intercreditor Agent or the Offshore Security Agent may at any time assign its rights and/or transfer its obligations under this Deed to any person who may be appointed as its successor pursuant to the Common Terms Agreement.
- (b) Any assignment or transfer by any of the Parties pursuant to paragraph (a) above will become effective on the date stated in such notice identifying the date on which such transfer should take effect for the purposes of this Deed.

**26. REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Senior Secured Party any right or remedy under any Senior Finance Document shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

**27. SEVERABILITY**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

**28. COUNTERPARTS**

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

**29. NOTICES**

**29.1 Giving of Notices**

All notices or other communications under or in connection with this Deed shall be given in writing and, unless otherwise stated, may be made by letter or facsimile (or if the recipient so agrees by electronic communication pursuant to Clause 29.3 ( *Electronic Communication* )). A copy of all notices and other communications shall also be sent via electronic mail to the recipient of the notice or other communication. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt;
- (b) if by facsimile, when received in legible form; and
- (c) if by way of electronic communication:
  - (i) if the recipient has agreed to receive the notice by electronic communication, when received in legible form by the recipient; or
  - (ii) if it complies with the rules under Clause 29.3 ( *Electronic Communication* ).

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

## 29.2 Addresses for Notices

- (a) The address and facsimile number of the Ormat Sponsor are:

6225 Neil Road  
Reno, NV 89511  
U.S.A.

Attn: Connie Stechman  
Facsimile: +1 (775) 356-9039  
E-mail: CStechman@ormat.com

or such other as the Ormat Sponsor may notify to the Intercreditor Agent by not less than five (5) Business Days' notice.

- (b) The address and facsimile number of the Ormat HoldCo are:

Ormat Holding Corp.  
c/o Maples and Calder  
PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

Attn: The Directors  
Facsimile: +1 (345) 949 -8080

*With a copy to:*

Ormat International, Inc.  
6225 Neil Road  
Reno NV 89511  
U .S .A .

Attn: Connie Stechman  
E-mail: CStechman@ormat.com

or such other as the Ormat HoldCo may notify to the Intercreditor Agent by not less than five (5) Business Days' notice.

- (c) The address and facsimile number of the Ormat Shareholder are:

OrPower 11 Inc.  
c/o Maples and Calder  
PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

Attn: The Directors  
Facsimile: +1 (345) 949 -8080

*With a copy to:*

Ormat International, Inc.  
6225 Neil Road  
Reno NV 89511  
U .S .A .

Attn: Connie Stechman  
E-mail: CStechman@ormat.com

or such other as the Ormat Shareholder may notify to the Intercreditor Agent by not less than five (5) Business Days' notice.

- (d) The address and facsimile number of the Ormat Borrower Entity are as set out in the Common Terms Agreement.
- (e) The address and facsimile number of the Operator are as set out in the Common Terms Agreement.
- (f) The address and facsimile number of the Intercreditor Agent are:

168 Robinson Road  
#11-01 Capital Tower  
Singapore 068912

Attn: Patricia Yap / Yvonne Ong  
Telephone: +65 6416-0644 / +65 6416-0633  
Facsimile: +65 6416-0658 / +65 6416-0659  
E-mail: patricia.yap@mizuho-cb.com / yvonne.ong@mizuho-cb.com

or such other as the Intercreditor Agent may notify to the other Parties by not less than five (5) Business Days' notice.

- (g) The address and facsimile number of the Offshore Security Agent:

Mizuho Bank (USA)  
c/o Mizuho Bank Ltd., New York Branch  
1251 Avenue of the Americas  
New York, NY 10020  
U.S.A.

Attn: Project Finance - Portfolio/Agency Team  
Facsimile: +1 (212) 282 -3618  
E-mail: brian.caldwell@mizuhocbus.com

or such other as the Offshore Security Agent may notify to the Intercreditor Agent by not less than five (5) Business Days' notice.

### 29.3 Electronic Communication

- (a) Any communication to be made to any Party under or in connection with this Deed may be made by electronic mail or other electronic means, if that Party:
  - (i) agrees that, unless and until notified to the contrary, this is an accepted form of communication (and notification to the contrary has not been given);
  - (ii) notifies each other Party in writing of its electronic mail address and/or any other information required to enable the sending and receipt of information to it by that means; and



(iii) notifies each other Party of any change to its address or any other such information supplied by them.

(b) Any electronic communication made will be effective only when actually received in readable form and in the case of any electronic communication made to the Intercreditor Agent only if it is addressed in such a manner as the Intercreditor Agent shall specify for this purpose.

### **30. LANGUAGE**

(a) Any notice given under or in connection with this Deed must be in English.

(b) All other documents provided under or in connection with this Deed must be:

(i) in English; or

(ii) if not in English, and if so required by the Intercreditor Agent, accompanied by a certified English translation (at the expense of the Ormat Borrower Entity) and, in such case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

### **31. TRUSTS**

#### **31.1 Beneficiaries**

The benefit of this Deed (including the warranties and undertakings and any sum received by the Offshore Security Agent pursuant to this Deed) shall be held by the Offshore Security Agent as trustee upon and subject to the terms of the Senior Finance Documents for the benefit of the relevant Senior Secured Parties as security for the Senior Secured Liabilities .

#### **31.2 Perpetuity period**

The perpetuity period for each trust created by this Deed shall be one hundred and twenty five (125) years from the date of this Deed.

#### **31.3 Trusts**

If a Subordinated Creditor is required to hold any distribution or payment of monies in trust for the Offshore Security Agent under this Deed, each Subordinated Creditor shall ensure that it does so to the fullest extent permitted by law and if not so permitted, shall hold the same as the property of persons entitled.

#### **31.4 Invalid trusts**

If, for any reason, a trust in favour of the Offshore Security Agent under this Deed is or becomes or is deemed to be invalid or unenforceable, each Subordinated Creditor will pay and deliver to the Intercreditor Agent an amount equal to the distribution or payment or monies received, recovered, receivable or recoverable in cash or, if in kind, the value conferred, in each case which that Subordinated Creditor would otherwise have been bound to hold on trust for the Offshore Security Agent.

### **32. DISPUTE RESOLUTION**

#### **32.1 Disputes**

(a) Any dispute, controversy or claim arising out of, relating to, or in connection with this Deed, including one regarding the breach, existence, validity or termination of this Deed or the consequences of its nullity and any non-contractual or other dispute (each a “ **Dispute** ”) shall be finally settled by arbitration. The arbitration shall be conducted in accordance with the Rules of the Singapore International Arbitration Centre in effect at the time of the arbitration (the “ **Rules** ”), except as they are modified by the provisions of this Deed.

- (b) The seat of the arbitration shall be Singapore, and the arbitration shall be conducted in the English language.

#### 32.2 Arbitrators

- (a) The arbitration shall be conducted by three arbitrators appointed in accordance with the Rules.
- (b) The two arbitrators nominated by the Parties shall nominate a third arbitrator to be the presiding arbitrator (the “ **Presiding Arbitrator** ”) within fourteen (14) days after the nomination of the second arbitrator, failing which the Presiding Arbitrator shall be appointed by the President of the Court of Arbitration of the Singapore International Arbitration Centre.
- (c) All the arbitrators shall be qualified lawyers admitted to practice in England and Wales.

#### 32.3 Award

- (a) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the Parties. To the fullest extent permitted under any Applicable Law, the Parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority. Judgment on the award, however, may be entered and enforced by any court of competent jurisdiction.
- (b) Unless the arbitral tribunal determines, in its discretion, that more time is necessary, the Parties shall use their best efforts to enable the arbitral tribunal to conduct the arbitration and the final hearing within six (6) months of the service of the relevant statement of claim, with the expectation that the final award will follow as soon as possible thereafter.
- (c) The arbitral award shall be made and payable in Dollars, free of any tax or other deduction.

#### 32.4 Interim Measures

- (a) The Intercreditor Agent may apply before the arbitral tribunal is appointed to a court for interim measures of protection or pre-award relief, including injunctive, attachment, and conservation orders (“ **Interim Measures** ”). The Parties agree that seeking and obtaining such court-ordered Interim Measures shall not waive the right to arbitration.
- (b) Subject to paragraph (c) below, the arbitral tribunal (or, where the full tribunal is unable to act quickly enough, the presiding arbitrator acting alone) may grant Interim Measures. Hearings on requests for Interim Measures may be held in person, by telephone or video conference, or by other means that permit the Parties to the Dispute to present evidence and arguments. Each Ormat Equity Party, the Ormat Borrower Entity and the Operator may be required to provide appropriate security in connection with such measures.

- (c) The arbitral tribunal and any emergency arbitrator shall not be authorised to take or provide, and each Ormat Equity Party, the Ormat Borrower Entity and the Operator agrees that it shall not seek from any judicial authority, any Interim Measures against any Senior Secured Party, its property or assets.

### 32.5 **Confidentiality**

The Parties agree and undertake to abide by the confidentiality provisions of the Rules save that Rule 35.2 shall not restrict the disclosure of Information to the extent that any Senior Secured Party is permitted to disclose any Information pursuant to the provisions in this Deed.

### 32.6 **Consolidation**

- (a) In order to facilitate the comprehensive resolution of related disputes, the arbitral tribunal first convened (“ **First Tribunal** ”) in an existing arbitral proceeding (“ **Existing Arbitration** ”) issued under this Deed or any other Senior Finance Document (“ **Related Agreement** ”) may direct, upon request by any Party, the consolidation of any other arbitration proceeding involving some or all of the Parties to this Deed or a Related Agreement, to be decided by the First Tribunal in a single arbitral proceeding together with the Existing Arbitration. In deciding whether to consolidate arbitrations, the First Tribunal shall have regard to, *inter alia* , whether:
- (i) there are issues of fact or law common to the arbitrations so that a consolidated proceeding would be more efficient than separate proceedings;
  - (ii) the rights to relief claimed are in respect of or arise out of the same transaction or series of transactions; and
  - (iii) any Party would be materially prejudiced as a result of consolidation, through undue delay or otherwise.
- (b) The Parties agree that every Party to arbitrations sought to be consolidated shall be invited to make submissions to the First Tribunal in respect of each consolidation application. The Parties undertake to adhere to and to cause the adherence to the consolidation decision of the First Tribunal.

### 32.7 **Waiver of Immunity**

Each Ormat Equity Party irrevocably and unconditionally:

- (a) agrees not to claim any immunity from any proceedings brought by a Senior Secured Party against it in relation to a Senior Finance Document and to ensure that no such claim is made on its behalf;
- (b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
- (c) waives all rights of immunity in respect of it or its assets.

## 33. **GOVERNING LAW**

This Deed and any non-contractual obligations arising out of or in connection with this Deed are governed by English law.

**IN WITNESS WHEREOF** this Deed has been executed as a deed and is intended to be and is hereby delivered on the date first written above.

## SCHEDULE 1

### PART A – FORM OF STANDBY LETTER OF CREDIT

To: [\_\_\_\_\_]

as Offshore Security Agent on behalf of the Senior Secured Parties  
as beneficiary (the “**Beneficiary**”)

Date: [\_\_\_\_\_]

**Irrevocable Standby Letter of Credit no.** \_\_\_\_\_

At the request of Ormat International, Inc. (the “**Ormat Sponsor**”), [ *Issuing Bank* ] (the “**Issuing Bank**”) issues this irrevocable standby letter of credit (“**Letter of Credit**”) in your favour, with respect to the Ormat Sponsor’s [Unutilised Base Equity Commitment] [Unutilised Contingent Equity Commitment] on the following terms and conditions:

#### 1. DEFINITIONS

In this Letter of Credit:

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks are open for general business in Israel.

“**Demand**” means a demand for a payment under this Letter of Credit in the form of the schedule to this Letter of Credit (in the event that any Demand is communicated electronically by SWIFT, that Demand will not be required to be executed).

“**Expiry Date**” means [\_\_\_\_\_].

“**Total L/C Amount**” means [\_\_\_\_\_].

#### 2. ISSUING BANK’S AGREEMENT

- (a) The Beneficiary may request a drawing or drawings under this Letter of Credit by giving to the Issuing Bank a duly completed Demand.
- (b) A Demand must be received by the Issuing Bank by no later than 12:00 p.m. (Israel time) on the Expiry Date.
- (c) Subject to the terms of this Letter of Credit, the Issuing Bank unconditionally and irrevocably undertakes to the Beneficiary that, within three (3) Business Days of receipt by it of a Demand, it must pay to the Beneficiary the amount demanded in that Demand.
- (d) The Issuing Bank will not be obliged to make a payment under this Letter of Credit if as a result the aggregate of all payments made by it under this Letter of Credit would exceed the Total L/C Amount.

#### 3. EXPIRY

- (a) The Issuing Bank will be released from its obligations under this Letter of Credit on the date (if any) notified by the Beneficiary to the Issuing Bank as the date upon which the obligations of the Issuing Bank under this Letter of Credit are released.

- (b) Unless previously released under paragraph (a) above, at 12:00 p.m. (Israel time) on the Expiry Date the obligations of the Issuing Bank under this Letter of Credit will cease with no further liability on the part of the Issuing Bank except for any Demand validly presented under this Letter of Credit that remains unpaid.
- (c) When the Issuing Bank is no longer under any further obligations under this Letter of Credit, the Beneficiary must return the original of this Letter of Credit to the Issuing Bank.

**4. PAYMENTS**

All payments under this Letter of Credit shall be made in U.S. Dollars and for value on the due date to the account of the Beneficiary specified in the Demand.

**5. DELIVERY OF DEMAND**

Each Demand shall be in writing, and, unless otherwise stated, must be made by letter or authenticated SWIFT and must be received in legible form by the Issuing Bank at its address and by the particular department or office (if any) as follows:

[\_\_\_\_\_]

**6. ASSIGNMENT**

The Beneficiary's rights under this Letter of Credit may not be assigned or transferred.

**7. ISP**

Except to the extent it is inconsistent with the express terms of this Letter of Credit, this Letter of Credit is subject to the International Standby Practices (ISP 98), International Chamber of Commerce Publication No. 590.

**8. GOVERNING LAW**

This Letter of Credit, and all non-contractual obligations arising out of or in connection with this Letter of Credit, are governed by, and shall be construed in accordance with, English law.

**9. JURISDICTION**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter of Credit (including a dispute relating to any non-contractual obligation arising out of or in connection with it).

Yours faithfully,

for and on behalf of

[Issuing Bank]

**SCHEDULE TO LETTER OF CREDIT**

**FORM OF DEMAND**

[Date]

To: [Issuing Bank]

Dears Sirs

**Standby Letter of Credit no. [ ] issued in favour of [ *Beneficiary* ] (the “Letter of Credit”)**

We refer to the Letter of Credit. Terms defined in the Letter of Credit have the same meaning when used in this Demand.

We certify that the sum of USD[ ] is due under [ *set out underlying contract or agreement* ]. We therefore demand payment of the sum of USD[ ].

Payment should be made to the following account:

Name: [ ]

Account Number: [ ]

Bank: [ ]

The date of this Demand is not later than the Expiry Date.

Signed: \_\_\_\_\_  
Authorised Signatory

\_\_\_\_\_  
Authorised Signatory

for [Beneficiary]

**PART B – FORM OF PAYMENT LETTER OF CREDIT**

|                                                                           |                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| STANDBY LETTER OF CREDIT<br>PAGE 1                                        | IRREVOCABLE STANDBY LETTER OF CREDIT<br>NUMBER [●] - NEW YORK                                                                                                                                                                             |
| PLACE OF ISSUE: NEW YORK<br><br>DATE OF ISSUE: [MM DD, YYYY]              | DATE AND PLACE OF EXPIRY:<br>[●]<br>AT OUR COUNTERS IN NEW YORK                                                                                                                                                                           |
| ADVISED BY MAIL                                                           |                                                                                                                                                                                                                                           |
| APPLICANT:<br>ORMAT INTERNATIONAL, INC.<br>(ORMAT SPONSOR)<br>[ ADDRESS ] | BENEFICIARY:<br>MIZUHO BANK (USA),<br>[ ADDRESS ]<br>ATTENTION: PROJECT FINANCE-PORTFOLIO/AGENCY TEAM<br>AS OFFSHORE SECURITY AGENT ON BEHALF OF THE SENIOR<br>SECURED PARTIES<br>AS BENEFICIARY (THE “ <b>BENEFICIARY</b> ”)             |
| ADVISING BANK:<br>NOT APPLICABLE                                          | AMOUNT: USD[_____] ([ STATE US DOLLAR AMOUNT ])                                                                                                                                                                                           |
| PARTIAL DRAWINGS PERMITTED                                                | CREDIT AVAILABLE WITH<br>[ INSERT NAME OF ISSUING BANK ]<br>BY PAYMENT AGAINST PRESENTATION<br>OF THE DOCUMENT (S) DETAILED HEREIN<br>AND OF BENEFICIARY’S DRAFT (S) AT<br>SIGHT DRAWN ON [ INSERT NAME OF ISSUING BANK ],<br>[ ADDRESS ] |

At the request of Ormat International, Inc. (the “ **Ormat Sponsor** ”), we [ *Issuing Bank* ] (the “ **Issuing Bank** ”) hereby establish this irrevocable nontransferable Letter of Credit (“ **Letter of Credit** ”) in your favour, with respect to the Ormat Sponsor’s [ *Unutilised Base Equity Commitment* ] for the amount of USD[\_\_\_\_\_] (the “ **Available Amount** ”) effective immediately on the following terms and conditions:

**1. DEFINITIONS**

In this Letter of Credit:

“ **Business Day** ” means a day (other than a Saturday or a Sunday) on which banks are open for general business in New York.

“ **Draw Request** ” means a demand for a payment under this Letter of Credit in the form of the schedule to this Letter of Credit.

“ **Drawing Certificate** ” means a drawing certificate substantially in the form of the schedule to this Letter of Credit (in the event that any Drawing Certificate is communicated electronically by SWIFT, that Drawing Certificate will not be required to be executed).

“ **Expiry Date** ” means [\_\_\_\_\_].

“**Total Available Amount**” means [\_\_\_\_\_].

## **2. ISSUING BANK’S AGREEMENT**

- (a) Subject to the terms and conditions herein, funds under this Letter of Credit are available to Beneficiary by presentation (by no later than 5:00 p.m. New York time on the Expiry Date) of the following:
  - (i) A Drawing Certificate which forms an integral part hereof, completed and bearing the signature of an authorized representative of the Beneficiary.
- (b) The Issuing Bank unconditionally and irrevocably undertakes to the Beneficiary that, within three (3) Business Days of receipt by it of a Drawing Certificate, it must pay to the Beneficiary the amount demanded in that Drawing Certificate.
- (c) The Issuing Bank will not be obliged to make a payment under this Letter of Credit if as a result the aggregate of all payments made by it under this Letter of Credit would exceed the Total Available Amount.
- (d) Partial drawing and multiple presentations of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; provided that the Available Amount shall be reduced by the amount of each such Drawing Certificate.

## **3. EXPIRY**

- (a) The Issuing Bank will be released from its obligations under this Letter of Credit on the date (if any) notified in writing by the Beneficiary to the Issuing Bank as the date upon which the obligations of the Issuing Bank under this Letter of Credit are released.
- (b) Unless previously released under paragraph (a) above, at our counter at 5:00 p.m. on the Expiry Date the obligations of the Issuing Bank under this Letter of Credit will cease with no further liability on the part of the Issuing Bank except for any Drawing Certificate validly presented under the Letter of Credit that remains unpaid.
- (c) When the Issuing Bank is no longer under any further obligations under this Letter of Credit, the Beneficiary must return the original of this Letter of Credit to the Issuing Bank.

## **4. PAYMENTS**

All payments under this Letter of Credit shall be made in U.S. Dollars and for value on the due date to the account of the Beneficiary specified in the Drawing Certificate.



**5. DELIVERY OF DEMAND**

Each Demand shall be in writing, and, unless otherwise stated, must be made by letter or authenticated SWIFT and must be received in legible form by the Issuing Bank at its address and by the particular department or office (if any) as follows:

Attn: [\_\_\_\_\_]

[\_\_\_\_\_]

**6. ASSIGNMENT**

The Beneficiary's rights under this Letter of Credit may not be assigned or transferred.

**7. ISP**

Except to the extent it is inconsistent with the express terms of this Letter of Credit, this Letter of Credit is subject to the International Standby Practices (ISP 98), International Chamber of Commerce Publication No. 590.

**8. GOVERNING LAW**

This Letter of Credit, and all non-contractual obligations arising out of or in connection with this Letter of Credit, are governed by, and shall be construed in accordance with, English law.

**9. JURISDICTION**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter of Credit (including a dispute relating to any non-contractual obligation arising out of or in connection with it).

Yours faithfully,

for and on behalf of

[Issuing Bank]

**SCHEDULE TO LETTER OF CREDIT**

**FORM OF DRAWING CERTIFICATE**

[Date]

To: [Issuing Bank]

Dears Sirs

**Letter of Credit no. [ ] issued in favour of [ *Beneficiary* ] (the “Letter of Credit”)**

We refer to the Letter of Credit. Terms defined in the Letter of Credit have the same meaning when used in this Drawing Certificate.

We certify that the sum of USD[ ] is due under [ *set out underlying contract or agreement* ]. We therefore demand payment of the sum of USD[ ].

Payment should be made to the following account:

Name: [ ]

Account Number: [ ]

Bank: [ ]

The date of this Drawing certificate is not later than the Expiry Date.

Signed: \_\_\_\_\_  
Authorised Signatory

\_\_\_\_\_  
Authorised Signatory

for [Beneficiary]

## SCHEDULE 2

### FORM OF EQUITY ACCELERATION NOTICE

*[Letterhead of the Intercreditor Agent]*

Date: \_\_\_\_\_

**Ormat International, Inc.**

*[Address]*

Attn: [●]

**OrSarulla Inc.**

*[ Address ]*

Attn: [●]

### EQUITY ACCELERATION NOTICE

Dear Sirs:

#### ORMAT EQUITY SUPPORT DEED

This Equity Acceleration Notice is delivered to you pursuant to the Ormat Equity Support Deed dated [●] (as amended, modified and supplemented and in effect from time to time, the “**Equity Support Deed**”) between, amongst others, Ormat International, Inc. as Ormat Sponsor, OrSarulla Inc. as Ormat Borrower Entity, [●] as Intercreditor Agent and [●] as Offshore Security Agent. All capitalised terms used in this Equity Acceleration Notice shall have the respective meanings specified in the Equity Support Deed.

Pursuant to Clause 4.1[(a) / (b) / (c)]<sup>1</sup> ( *Right to accelerate* ) of the Equity Support Deed, we hereby notify you that:

- (a) [an Event of Default is subsisting;] [the Intercreditor Agent has exercised Remedies pursuant to which all Senior Loans have been declared prematurely due and payable;] [the circumstances described in Clauses 4.1(c)(i) and 4.1(c)(ii) ( *Right to accelerate* ) have occurred;]<sup>2</sup>
- (b) the amount [of the Unutilised Base Equity Commitment is USD[●] (the “Amount Payable ”);] [of the Unutilised Contingent Equity Commitment is USD[●] (the “**Amount Payable** ”);] [required to be paid pursuant to Clause 4.1(c)( *Right to accelerate* ) is USD[●] (the “**Amount Payable** ”) (a breakdown of which is attached to this Equity Contribution Notice);]<sup>3</sup>
- (c) The Sponsor is required to pay the Amount Payable into the following account in Dollars in immediately available funds within seven (7) Business Days of the date of this Equity Acceleration Notice.

Name: [\_\_\_\_\_]

Account Number: [\_\_\_\_\_]

Bank: [\_\_\_\_\_]

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<sup>1</sup> Select as appropriate.

<sup>2</sup> Select as appropriate.

<sup>3</sup> Select as appropriate.

Yours faithfully,  
[ • ]  
as Intercreditor Agent

By: \_\_\_\_\_  
Name:  
Title:

SIGNATORIES

Ormat Sponsor

EXECUTED as a deed by:  
**ORMAT INTERNATIONAL, INC.**  
acting by

AMNON GABBY

acting under authority of that  
company, in the presence of:

)  
)  
)  
)  
)  
)  
)  
)  
)  
)



Name: Daijiroh Watanabe

Address: 5-1, Kita-Aoyama 2-chome,  
Minato-ku, Tokyo 107-8077,  
Japan



(Signature of witness)

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Ormat HoldCo

EXECUTED as a deed by:  
**ORMAT HOLDING CORP.**  
acting by

AMNON GABBY

acting under authority of that  
company, in the presence of:

)  
)  
)  
)  
)  
)  
)  
)  
)  
)



Name: Daijiroh Watanabe

Address: 5-1, Kita-Aoyama 2-chome

Minato-ku, Tokyo 107-8077

Japan



(Signature of witness)

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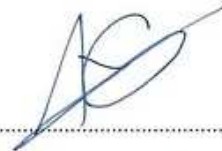
**Ormat Shareholder**

EXECUTED as a deed by:  
**ORPOWER 11 INC.**  
acting by

AMNON GABBAY

acting under authority of that  
company, in the presence of:

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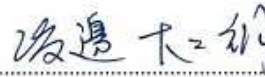


Name: Daijiroh Watanabe

Address: 5-1, Kita-Aoyama 2-chome

Minato-ku, Tokyo 107-8077

Japan



(Signature of witness)

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**Ormat Borrower Entity**

EXECUTED as a deed by:  
**ORSARULLA INC.**  
acting by

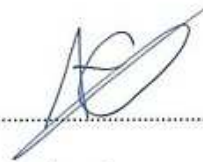
AMNON GABAY

acting under authority of that  
company, in the presence of:

Name: Daijiroh Watanabe

Address: 5-1, Kita-Aoyama 2-chome,  
Minato-ku, Tokyo 107-8077,  
Japan

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後藤 下 大郎

(Signature of witness)

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EXECUTED as a deed by:  
**SARULLA OPERATIONS LTD**  
acting by

acting under authority of that  
company, in the presence of:

(Signature of witness)

company, in the presence of:

Address: .....**LATHAM & WATKINS LLP**.....  
                   **9 RAFFLES PLACE**  
                   **#12-02 REPUBLIC PLAZA**  
                   **SINGAPORE 048619**

Yuklata Tlakere

(Signature of witness)

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EXECUTED as a deed by:  
**MIZUHO BANK (USA)**  
 acting by

acting under authority of that company, in the presence of:

New York, NY 10020

Brian T. Caldwell

  
(Signature of witness)



## Ormat Technologies, Inc.

## Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Yehudit Bronicki, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ormat Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ YEHUDIT BRONICKI

Yehudit Bronicki  
Chief Executive Officer

Date: May 9, 2014

**Ormat Technologies, Inc.**  
**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Doron Blachar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ormat Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DORON BLACHAR

Doron Blachar  
Chief Financial Officer

Date: May 9, 2014

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Yehudit Bronicki, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the quarterly report of Ormat Technologies, Inc. on Form 10-Q for the quarter ended March 31, 2014 (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that information contained in such quarterly report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Ormat Technologies, Inc. as of and for the periods presented in such quarterly report on Form 10-Q. This written statement is being furnished to the Securities and Exchange Commission as an exhibit accompanying such quarterly report and shall not be deemed filed pursuant to the Securities Exchange Act of 1934.

By: /s/ YEHUDIT BRONICKI

\_\_\_\_\_  
Name: Yehudit Bronicki

Title: Chief Executive Officer

Date: May 9, 2014

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Doron Blachar, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the quarterly report of Ormat Technologies, Inc. on Form 10-Q for the quarter ended March 31, 2014 (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that information contained in such quarterly report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Ormat Technologies, Inc. as of and for the periods presented in such quarterly report on Form 10-Q. This written statement is being furnished to the Securities and Exchange Commission as an exhibit accompanying such quarterly report and shall not be deemed filed pursuant to the Securities Exchange Act of 1934.

By: /s/ DORON BLACHAR

\_\_\_\_\_  
Name: Doron Blachar

Title: Chief Financial Officer

Date: May 9, 2014